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Supreme Court, U.S.
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In the
Supreme Court of the United States

— ♦ —
OREN TAVORY,

Petitioner,

v.

NTP, Inc.,

Respondent.

— ♦ —
On Petition for Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

— ♦ —
PETITION FOR WRIT OF CERTIORARI

— ♦ —
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Question Presented

Whether a dismissal for lack of subject matter jurisdiction can ever be a “judgment on the merits” or other “material alteration of the legal relationship of the parties” under this Court’s definition of a “prevailing party” articulated in *Buckhannon Board and Care Home, Inc. v. West Virginia Department of Health and Human Resources*, 532 U.S. 598 (2001), thereby authorizing an attorney’s fee award to a defendant under federal statutes allowing a “prevailing party” to recover attorney’s fees?

List of Parties and Corporate Disclosure

Pursuant to this Court's Rules 14.1(b) and 29.6, the following list identifies all of the parties to the appellate proceeding in the United States Court of Appeals for the Federal Circuit, whose judgment is sought to be reviewed:

Petitioner Oren Tavory is an individual, and was the Appellant in the United States Court of Appeals for the Federal Circuit and was the Plaintiff before the United States District Court for the Eastern District of Virginia.

Respondent NTP, Inc. is a Virginia corporation, and was the Appellee in the United States Court of Appeals for the Federal Circuit and the Defendant before the Eastern District of Virginia.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Oren Tavory ("Tavory") respectfully petitions for a writ of *certiorari* to review the judgment of the United States Court of Appeals for the Federal Circuit in *Tavory v. NTP, Inc.*, No. 2008-1090, 2008 WL 4710755, 2008 Copr.L.Dec. (CCH) ¶ 29,652, (Fed. Cir. Oct. 28, 2008) (A.1).



Opinions Below

The United States District Court for the Eastern District of Virginia held that there was no subject matter jurisdiction over Plaintiff's copyright infringement claim and dismissed the claim for lack of subject matter jurisdiction in *Tavory v. NTP, Inc.*, 495 F.Supp.2d 531 (E.D. Va. 2007) (A.79; A.88). The Court then awarded NTP attorney's fees as a "prevailing party," pursuant to 17 U.S.C. § 505. *Tavory v. NTP, Inc.*, 2007 WL 2965048, No. 3:06-CV-628 (E.D. Va. Oct. 9, 2007) (A.16).

Tavory moved to vacate the fee judgment on the grounds that the District Court lacked subject matter jurisdiction to award attorney's fees and NTP was not a "prevailing party" under the Copyright Act. The District Court denied Tavory's motion. *Tavory v. NTP, Inc.*, No. 3:06-CV-628 (E.D. Va. Dec. 3, 2007) (A.29; A.30).

Acknowledging that it was creating a circuit split, the United States Court of Appeals for the Federal Circuit nonetheless affirmed the award of attorney's fees in *Tavory v. NTP, Inc.*, No. 2008-1090, 2008 WL 4710755, 2008 Copr.L.Dec. (CCH) ¶ 29,652, (Fed. Cir. Oct. 28, 2008) (A.1). Tavory did not seek rehearing.

❖

Jurisdictional Statement

This Court's jurisdiction arises pursuant to 28 U.S.C. § 1254(1). This Petition is timely filed pursuant to Supreme Court Rule 13.1.

❖

Constitutional Provisions and Statutes

This Petition concerns the subject matter jurisdiction of the District Court, and thus requires interpretation of Article III, Section 2 of the United States Constitution. (A.99).

The Petition also involves interpretation of 17 U.S.C. § 411 (A.99) and 17 U.S.C. § 505 (A.100).

❖

Statement of the Case

This case raises important, recurring questions relating to the scope of a court's power to declare a party to have "prevailed" for purposes of federal

statutory schemes that allow the award of attorney's fees in derogation of the American Rule.

While this Court definitively defined the term "prevailing party" in *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 603-04 (2001), courts of appeals since *Buckhannon* have split in their application of the *Buckhannon* test when applying it to *defendants* who claim to have prevailed. In the context of a defendant who has secured dismissal for lack of subject matter jurisdiction, the question takes on a constitutional dimension — how can a party "prevail" over a case or controversy when the court has already held that there is no case or controversy over which the court has power?

As the facts of this case and this Court's precedent make clear, even if resolving the issue of subject matter jurisdiction requires an analysis of the facts, the holding that there is no subject matter jurisdiction should preclude an award of "prevailing party" attorney's fees to a defendant. Any other result offends Article III's requirement that the courts may only resolve "cases" and "controversies."

A. Tavery Authors the Push Software.

In 1990, Plaintiff Oren Tavery ("Tavery") authored computer source code (the "Push Software") while working as an independent consultant at the now-defunct Telefind, Inc. (A.80).

Tavory created the Push Software to push e-mail from his computer to a wireless pager. (A.56). Soon after he demonstrated the working code to his co-workers, Telefind hired Tavory as an employee and asked him to make minor modifications to the Push Software, in hopes of incorporating it into a project that would save the failing company. (A.81). Telefind did not save itself – it soon “collapse[d],” and Tavory left its employ (A. 57; A.81).

After Telefind disbanded, Thomas Campana, the founder of NTP, Inc. (“NTP”) applied for patents governing wireless e-mail technology. (A.81). The modified Push Software authored by Tavory was incorporated into the patent applications as the “best mode” example of the interface switch claim. (A.57).

B. The Blackberry Litigation

NTP never itself practiced the patents, but in 2001, NTP sought to enforce those patents against Research in Motion, Ltd. (“RIM”), the manufacturer of Blackberry® hand-held e-mail devices (the “Blackberry Litigation”).¹ Tavory appearing *pro se* was deposed in connection with the Blackberry Litigation – having never seen the patents before nor been told about the role of his code in them—

¹ See, e.g., Damien Myers, Notes, *Reeling in the Patent Troll: Was eBay v. MercExchange Enough?*, 14 J. INTELL. PROP. L. 333, 334 (describing procedural history of the Blackberry Litigation).

and testified that he wrote the code. (A.82). The Blackberry Litigation “lingered in the courts for nearly five full years.” (A.82). It was not until a few years later, when the news of the historic settlement between NTP and RIM reached the mainstream press, that Tavory recognized the significance of both his Push Software and the timing of his authorship. (A.83).

C. Tavory Sues NTP

In 2006, Tavory registered his copyright in the Push Software and then sued Defendant NTP, Inc. (“NTP”) for, *inter alia*, copyright infringement arising from NTP’s licensing and use of patents that incorporated his computer software (the “Push Software”). (A.2; A.83). Tavory invoked the jurisdiction of the district court pursuant to 28 U.S.C. § 1338(a), and to meet the requirements of the Copyright Act alleged the registration in his complaint pursuant to 17 U.S.C. § 411.

As is common in the software context,² Tavory had a copy of the slightly modified 1991 version of

² Soon after Tavory faced this conundrum, the Copyright Office modified Circular 61, its guidelines for Copyright Registration for Computer Programs, and articulated a procedure for software authors to obtain copyright registrations over their original works by submitting a later derivative as the deposit copy. (A.21); see also U.S. Copyright Office, Circular 61, *Copyright Registration for Computer Programs* (July 2008) at 3, available at <http://www.copyright.gov/circls/circ61>.

the Push Software, but not his original 1990 version. Tavory therefore stripped away the changes he made in 1991 in order to prepare his deposit material for his registration application. (A.87).

At the close of discovery, NTP moved for summary judgment, raising for the first time the argument that the court lacked subject matter jurisdiction over Tavory's copyright infringement action because the deposit material submitted with his copyright registration was a "reconstruction." (A.80). The district court agreed, concluding "this Court has no choice but to dismiss the action for infringement for lack of subject matter jurisdiction." 495 F.Supp.2d 531, 537 (E.D. Va. 2007).³ Despite its lack of subject matter jurisdiction, the court proceeded to make alternate, advisory holdings against Tavory. *Id.* at 537-539.

D. After Dismissing for Lack of Subject Matter Jurisdiction, the District Court Awards NTP Prevailing Party Attorney's Fees Under the Copyright Act.

NTP then moved for an award of attorney's fees as a "prevailing party" under the Copyright Act, 17 U.S.C. § 505. The district court granted the motion

³ Tavory did not appeal the dismissal of his copyright claim. (A.59).

and awarded \$36,899.57 in attorney's fees to NTP as the "prevailing party."⁴ (A.15).

Tavory moved to vacate the award of attorney's fees, arguing, based upon this Court's definition of a "prevailing party" as set forth in *Buckhannon Board and Care Home, Inc. v. West Virginia Department of Health and Human Resources*, 532 U.S. 598 (2001), that there can be no "prevailing party" when a district court lacks subject matter jurisdiction.

Although the district court conceded that Plaintiff raised a "novel question," it nonetheless denied the motion to vacate on December 3, 2007. (A.30). Although the First Circuit in *Torres-Negron v. J & N Records*, 504 F.3d 151, 164-65 (1st Cir. 2007) had recently ruled that a defendant could not be awarded "prevailing party" attorney's fees after a copyright infringement action is dismissed for lack of subject matter jurisdiction due to a reconstructed deposit, the district court rejected the First Circuit's logic. (A.45).

⁴ The district court denied the motion for attorney's fees under the Patent Act, which applies an "exceptional case" standard. (A.24-26).

***E. The Federal Circuit Holds that the
Subject Matter Jurisdiction Ruling
“Materially Altered the Legal
Relationship Between the Parties”***

The Federal Circuit upheld the attorney's fees award (A.1). The court reasoned that the dismissal for lack of subject matter jurisdiction operated as a decision on the merits that “materially altered the legal relationship between the parties” (A.7) and made NTP a “prevailing party” entitled to an attorney's fee award under the Copyright Act. Like the District Court, the Federal Circuit rejected *Torres-Negron*, though it acknowledged it was the only other court of appeals decision directly on point. (A.9).



Reasons for Granting the Writ

This Court should grant the writ of *certiorari* to resolve the important issue of whether a defendant who secures a dismissal for lack of subject matter jurisdiction is a prevailing party for purposes of making a “prevailing party” attorney's fee award, under the myriad of Federal statutes that apply the “prevailing party” standard. With over 150 federal statutes that allow fee-shifting on a “prevailing party” standard in derogation of the American

Rule,⁵ this Court should step in to resolve the circuit split and ensure that the lower courts are not exceeding their Article III powers in deeming dismissals for lack of jurisdiction the equivalent of a decision on the merits.

This Court has held that an interest in statutory attorney's fees, alone, does not confer a court with subject matter jurisdiction. *Lewis v. Cont'l Bank Corp.*, 494 U.S. 472, 480 (1990). Yet the Seventh Circuit,⁶ Tenth Circuit,⁷ and, now, the Federal Circuit (purporting to predict Fourth Circuit law) have affirmed attorney's fees awards to "prevailing parties" after a dismissal for lack of subject matter jurisdiction. These decisions incorrectly hold that a finding of lack of subject matter jurisdiction – that the Court does not have the power to hear the Plaintiff's claims – can nonetheless create a "judicially sanctioned change in the legal relationship of the parties," thereby making the

⁵ J. Douglas Klein, Note, *Does Buckhannon Apply? An Analysis of Judicial Application and Extension of the Supreme Court Decision Eighteen Months After and Beyond*, 13 DUKE ENVTL. L. & POL'Y F. 99, 105 (Fall, 2002).

⁶ *Citizens for a Better Env't v. Steel Co.*, 230 F.3d 923, 927-28 (7th Cir. 2000)(finding jurisdiction to award prevailing party attorney's fees under Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001-50 after dismissal for lack of jurisdiction).

⁷ *United States ex rel. Grynburg v. Praxair, Inc.*, 389 F.3d 1038, 1055-58 (10th Cir. 2004)(finding jurisdiction to award prevailing party attorney's fees under False Claims Act, 31 U.S.C. § 3730 after dismissal for lack of jurisdiction).

defendant a “prevailing party” entitled to a fee award under federal fee shifting statutes.

The circuit courts are clearly divided on this issue. In the context of the Copyright Act, the Federal Circuit’s decision directly conflicts with the First Circuit’s decision in *Torres-Negron v. J & N Records*, 504 F.3d 151, 164-65 (1st Cir. 2007). On a broader level, at least the Second,⁸ Ninth,⁹ Fourth¹⁰ and Eighth¹¹ and Federal¹² Circuits have all determined that a court that lacks subject matter

⁸ *W.G. ex rel. D.G. v. Senatore*, 18 F.3d 60 (2nd Cir. 1994)(applying 42 U.S.C. § 1988)(“[w]here there is no subject matter jurisdiction to proceed with the substantive claim, as a matter of law, ‘[t]hat lack of jurisdiction bar[s] an award of attorney’s fees under section 1988.’”).

⁹ *Branson v. Nott*, 62 F.3d 287 (9th Cir.), cert. denied, 516 U.S. 1009 (1995)(applying 42 U.S.C. § 1988)(reversing attorney’s fee award because no jurisdiction to award attorney’s fees without subject matter jurisdiction over claim).

¹⁰ *Finn v. United States*, 856 F.2d 606 (4th Cir. 1988)(applying *Equal Access to Justice Act* (EAJA), 28 U.S.C. § 2412)(“because plaintiffs were unable to obtain subject matter jurisdiction and have the district court address the merits of their case, we do not think they may be considered prevailing parties within the meaning of 28 U.S.C. § 2412(d)").

¹¹ *Keene Corp. v. Cass*, 908 F.2d 293, 298 (8th Cir. 1990)(internal citations omitted) (“where a complaint has been dismissed for lack of subject matter jurisdiction, the defendant has not ‘prevailed’ over the plaintiff on any issue central to the merits of the litigation.”)

¹² *Sacco v. U.S.*, 452 F.3d 1305, 1310-11 (Fed. Cir. 2006)(applying Back Pay Act)(applying *Bukhannon* to hold that a party cannot be a prevailing party absent a decision on the merits in its favor, and thus upholding dismissal of the attorney’s fee claim for lack of jurisdiction).

jurisdiction over the merits under various federal statutes cannot name the defendant as a prevailing party.

This Court should grant the writ and clarify the limits on the power of United States district courts to make post-dismissal, statutory attorney's fee awards in cases where they lack subject matter jurisdiction.

I. UNDER *BUCKHANNON*, A DISMISSAL FOR LACK OF SUBJECT MATTER JURISDICTION CANNOT BE A DECISION ON THE MERITS.

In *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 603-04 (2001), this Court defined a "prevailing party" in the context of federal fee-shifting statutory provisions as:

a legal term of art. Black's Law Dictionary 1145 (7th ed.1999) defines "prevailing party" as "[a] party in whose favor a judgment is rendered, regardless of the amount of damages awarded <in certain cases, the court will award attorney's fees to the prevailing party>.—Also termed *successful party*." This view that a "prevailing party" is one who has been awarded some relief by the court can be distilled from our prior cases.

Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res., 532 U.S. 598, 603-04 (2001). The Court concluded that to be a prevailing party, only "judgments on the merits and court-ordered consent decrees create the 'material alteration of the legal relationship of the parties' necessary to permit an award of attorney's fees." *Id.* at 604.

In *Buckhannon*, a civil rights case, the Court held that a party cannot be a "prevailing party" for purposes of abrogating the American Rule that each party bear its own attorney's fees absent a judgment on the merits or a consent order. The Court concluded that "[g]iven the clear meaning of 'prevailing party' in the fee-shifting statutes," Congress had not "extended any roving authority to the Judiciary to allow counsel fees as costs or otherwise whenever the courts might deem them warranted." This Court therefore refused to allow a Plaintiff to recover fees on a "catalyst for change" theory where there was no judgment on the merits in Plaintiff's favor. *Id.* at 610, quoting *Alyeska Pipeline Service Co. v. Wilderness Society*, 421 U.S. 240, 260 (1975).

While *Buckhannon* was decided in the context of civil rights statutes, the decision was clear that its reasoning is applicable to the "[n]umerous federal statutes [that] allow courts to award attorney's fees and costs to the 'prevailing party.'" *Buckhannon*,

532 U.S. at 600. Justice Scalia's concurrence similarly makes clear that the Court's decision applies to all federal statutes that allow fee shifting to a "prevailing party." *Id.* at 610-620 (Scalia, J., concurring).

This Court's precedent makes clear, going back for centuries, that a determination of lack of subject matter jurisdiction can never be a decision on the merits. As recently as two years ago, this Court summarized its long-standing jurisprudence comparing issues of subject matter jurisdiction with decisions on the merits:

Steel Co. v. Citizens for Better Environment, 523 U.S. 83, 118 S.Ct. 1003, 140 L.Ed.2d 210 (1998), clarified that a federal court generally may not rule on the merits of a case without first determining that it has jurisdiction over the category of claim in suit (subject-matter jurisdiction) and the parties (personal jurisdiction). *See id.*, at 93-102, 118 S.Ct. 1003. "Without jurisdiction the court cannot proceed at all in any cause"; it may not assume jurisdiction for the purpose of deciding the merits of the case. *Id.*, at 94, 118 S.Ct. 1003 (*quoting Ex parte McCardle*, 7 Wall. 506, 514, 19 L.Ed. 264 (1869)). ...

Dismissal short of reaching the merits means that the court will not “proceed at all” to an adjudication of the cause....

“[J]urisdiction is vital only if the court proposes to issue a judgment on the merits.”

Sinochem Intern. Co. Ltd. v. Malaysia Intern. Shipping Corp., 549 U.S. 422, 430-431 (2007).

The precedent and authorities collected in *Sinochem* make clear that a court's decision as to a jurisdictional prerequisite to suit – that is, the *Steel Co.* proscription that a court must determine it has jurisdiction before determining the merits – is the polar opposite of a judgment on the merits.

If a court “may not rule on the merits” until jurisdiction has been established, then by the same token, a determination of subject matter jurisdiction cannot be a ruling “on the merits.” Yet the Federal Circuit here ruled that a determination of lack of subject matter jurisdiction can be a determination on the merits enough to materially alter the legal relationship of the parties.

A. The Precedent Upon Which the Federal Circuit's Decision Was Based Does Not Comport With this Court's Decision in Buckhannon.

Prior to this Court's decision in *Buckhannon*, the Seventh Circuit concluded that a district court may

still have jurisdiction to award attorney's fees despite a dismissal for lack of jurisdiction, stating "limiting 'prevailing' to 'prevailing on the merits' has nothing to recommend it." *Citizens for a Better Environment v. the Steel Co.*, 230 F.3d 923, 930 (7th Cir. 2000)(applying prevailing party standard of Planning and Community Right to Know Act, 42 U.S.C. § 11046(f)).¹³

While this logic has since been clearly foreclosed by this Court's holding in *Buckhannon*, both the Tenth Circuit in *United States ex rel. Grynberg v. Praxair, Inc.*, 389 F.3d 1038, 1057 (10th Cir. 2004) and the Federal Circuit in this case have followed the Seventh Circuit's pre-*Buckhannon* reasoning.¹⁴ Relying on *Citizens for a Better Environment*, and without any mention of *Buckhannon*, the Tenth Circuit held that a dismissal for lack of jurisdiction "changes the legal relationship" between the parties

¹³ The Seventh Circuit was acting after the remand in light of *Steel Co. v. Citizens for Better Environment*, 523 U.S. 83 (1998).

¹⁴ The District of Columbia Circuit has telegraphed that it might well follow suit, but in its recent consideration of the issue instead held that the district court's dismissal of an IDEA claim was, in substance, a finding that no cause of action existed, not a decision on subject matter jurisdiction. *District of Columbia v. Jeppson*, 514 F.3d 1287, 1290 (D.C. Cir. 2008). The court therefore reversed a denial of fees for lack of subject matter jurisdiction, holding instead that the finding that no cause of action existed was a decision on the merits and remanded for the district court to consider whether a fee award was warranted.

because the plaintiff was prohibited from bringing further claims on the facts presented. *United States ex rel. Grynberg v. Praxair, Inc.*, 389 F.3d 1038, 1057 (10th Cir. 2004), *cert. denied*, 545 U.S. 1139 (2005). The Tenth Circuit reasoned that the defendant had incurred an injury cognizable under Article III by expending attorney's fees, while at the same time noting that "the district court is not being asked to consider the merits of the underlying" cause of action. *Id.*

***B. The Federal Circuit's Decision
Further Convolutes the Application of
Buckhannon.***

The Federal Circuit based its decision upon similar flawed logic. The Copyright Act provides that "[i]n any civil action under this title, the court in its discretion...may also award a reasonable attorney's fee to the *prevailing party* as part of the costs." 17 U.S.C. § 505 (emphasis added). Despite the definition of prevailing party established by this Court, the Federal Circuit held that NTP was a prevailing party and allowed a discretionary attorney's fee award because "Tavory must obtain a new registration with a *different* and (and valid) deposit copy to file another copyright infringement action against NTP" and therefore the district court's decision "was a decision on the merits of the claim that materially altered the legal relationship between the parties." (A.9).

These decisions are in serious conflict with both this Court's definition of a "prevailing party" and long lines of case law holding that a dismissal for lack of jurisdiction has no preclusive effect.

***C. The Federal Circuit's Decision
Conflicts with Precedent Holding that a
Dismissal for Lack of Subject Matter
Jurisdiction Does Not Have Preclusive
Effect and Cannot Be a Decision on the
Merits.***

The change in legal relationship required by this Court's precedent is clearly either "an enforceable judgment" or else "comparable relief through a consent decree or settlement." *Farrar v. Hobby*, 506 U.S. 103, 111 (1992)(citations omitted). Merely making a party change its practices, without such a judicially sanctioned and enforceable order, does not suffice to transform a party into a "prevailing party" for purposes of the attorney's fee inquiry. *Buckhannon*, 532 U.S. at 604.

Courts both pre- and post- *Buckhannon* have repeatedly held that a finding of lack of subject matter jurisdiction is not an enforceable judgment or otherwise a decision on the merits. In *Goldsmith v. Mayor and City Council of Baltimore*, 987 F.2d 1064, 1069 (4th Cir. 1993)(*Goldsmith II*), the Fourth Circuit considered whether a prior dismissal for lack of subject matter jurisdiction had preclusive effect, and held that dismissal for lack of subject

matter jurisdiction “is not a judgment on the merits for purposes of *res judicata*.” Tellingly, in the predecessor case, the Fourth Circuit held that because the plaintiff had not raised a federal question, the district court committed error by entering a judgment in favor of the defendants rather than a dismissal for lack of subject matter jurisdiction. *Goldsmith v. Mayor and City Council of Baltimore*, 845 F.2d 61, 64 (4th Cir. 1988)(*Goldsmith I*). The *Goldsmith I* court reversed the grant of summary judgment and instead directed the district court to dismiss the case.

The court of appeals made no mention of the *Goldsmith* line of cases in its opinion, instead stating that “we can discern little guidance from Fourth Circuit precedent.” (A.6). The district court attempted to distinguish the *Goldsmith* precedent by stating that because the goals of fee shifting are different than the concerns about due process and finality that underlie the *res judicata* doctrine, a dismissal for lack of subject matter jurisdiction may not have any preclusive effect, but nonetheless could form the basis of a “prevailing party” fee award.

The majority of circuits have held, in varying contexts, that a jurisdictional dismissal does not go to the merits of an action. For example, in *Wages v. IRS*, 915 F.2d 1230, 1234 (9th Cir. 1990), the Ninth Circuit held that “[a] jurisdictional dismissal is not

a judgment on the merits.” Similarly, in *GHK Exploration Co. v. Tenneco Oil Co.*, 857 F.2d 1388, 1392 (10th Cir. 1988), the Tenth Circuit, applying state law, explained that a dismissal for lack of subject matter jurisdiction is “not a decision on the merits of a plaintiff’s action” and thus held that the defendant could not be a prevailing party entitled to an award of attorney’s fees. The Eleventh Circuit in *Davila v. Delta Airlines, Inc.*, 326 F.3d 1183, 1188 (11th Cir. 2003), stated that a dismissal for lack of subject matter jurisdiction “plainly is not an adjudication on the merits that would give rise to a viable *res judicata* defense.”

The Fourth Circuit, too, has clearly stated that “dismissals for want of jurisdiction are paradigms of non-merits adjudication.” *Shoup v. Bell & Howell Co.*, 872 F.2d 1178, 1181 (4th Cir. 1989) (citation omitted). As the *Shoup* Court explained, “[i]n such a dismissal the court does not regard the merits of an action.” (internal quotation omitted). Rather, it “merely classif[ies] [an] action, whatever its merits, as one on which the court concerned cannot speak.” *Id.*

The dismissal for lack of subject matter jurisdiction in Tavory’s case does nothing more than classify an action on that particular copyright registration “as one on which the court concerned cannot speak,” *Id.*, yet the Federal Circuit has

sanctioned the district court exceeding its power and speaking nonetheless.

Nor does the fact that the Federal Circuit resolved factual issues in making its subject matter jurisdiction determination transform its decision into a decision on the merits. Indeed, this Court has expressly recognized that the determination of subject matter jurisdiction may, at times, turn on contested facts that the trial court must resolve. *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 514 (2006). But mere determination of facts does not equate to a decision on the merits. Once facts have been determined that preclude jurisdiction, the case must be dismissed without prejudice, no matter what stage the litigation is in, as “subject-matter jurisdiction, because it involves the court’s power to hear a case, can never be forfeited or waived.” *Id.*, quoting *United States v. Cotton*, 535 U.S. 625, 630 (2002).

***D. The Federal Circuit’s Flawed
Decision Misperceives the Role of
Copyright Registration.***

The Federal Circuit’s decision finds a material alteration in the legal relationship between the parties, despite the strong precedent to the contrary, and puts stronger weight on the significance of the copyright *registration* – a mere jurisdictional formality – rather than the parties relationship *vis à vis* the copyrighted *work* itself.

Consistent with this country's obligations under the Berne Convention, registration is not and can never be a prerequisite to copyright protection. The Federal Circuit Court's holding ignores the fundamental tenet of copyright law that "registration is not a condition of copyright protection." 17 U.S.C. § 408. This is because "Copyright protection subsists...in original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102. Once a work is initially fixed, the copyright in it continues to "subsist" separate and apart from the physical object in which it was originally fixed, and transfer (or destruction) of that physical object does not affect the existence or ownership of the copyrighted work. 17 U.S.C. § 202 ("Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied.").

It is only when seeking to protect a work in court that registration becomes a requirement, and indeed, a jurisdictional prerequisite. 17 U.S.C. § 411. See, e.g., *Torres-Negron v. J & N Records, LLC*, 504 F.3d 151, 156 (1st Cir. 2007)(valid registration is a jurisdictional prerequisite to suit); *In re Literary Works in Electronic Databases Copyright Litigation*, 509 F.3d 116, 125 (2d Cir. 2007) (same); *Raquel v. Education Management Corp.*, 196 F.3d 171, 176 (3d Cir. 1999) ("Although a

failure properly to register a work does not invalidate the copyright itself, it does preclude the maintenance of an infringement action until such time as the purported copyright holder obtains a valid registration”), *rev'd on other grounds*, 531 U.S. 952 (2000); *Xoom, Inc. v. Imageline, Inc.*, 323 F.3d 279, 283 (4th Cir. 2003) (same); *Positive Black Talk Inc. v. Cash Money Records, Inc.*, 394 F.3d 357, 365 (5th Cir. 2004) (same); *Murray Hill Publications, Inc. v. ABC Communications, Inc.*, 264 F.3d 622, 630 (6th Cir. 2001); *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1211 (9th Cir. 1998); *La Resolana Architects, PA v. Clay Realtors Angel Fire*, 416 F.3d 1195, 1208 (10th Cir. 2005)(same); *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1488 (11th Cir. 1990) (same).

The relationship between the scope of the actual work versus the scope of the registration conferring jurisdiction – and the confusion often caused when the registration does not precisely match the work claimed to be infringed – has lead one commentator to state that “cases presenting section 411(a) disputes...are among the most frequently misdecided cases in copyright law.” Douglas Y'Barbo, *On Section 411 of the Copyright Code and Determining the Proper Scope of a Copyright Registration*, 34 SAN DIEGO L.REV. 343, 344 (1997).

Indeed, if Tavory were not a U.S. national, the registration issue could not have defeated his claim

at all. See 17 U.S.C. § 411 (“no action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title”); 17 U.S.C. § 101 (defining “United States Work” where work is unpublished as a work created by a U.S. domiciliary).

Moreover, the circuit courts have repeatedly required that a dismissal for failure to secure a proper copyright registration is one *without prejudice*. See, e.g., *Brooks-Ngwenya v. Thompson*, 202 Fed. Appx. 125, 2006 WL 2972691 (7th Cir. Oct. 17, 2006)(affirming dismissal for failure to secure copyright registration but remanding for order clarifying that such dismissal is without prejudice); *Buemi v. Lewis*, 51 F.3d 271 (Table), 2007 WL 14907 at *2 (6th Cir. 1995)(same).

The only legal significance to the District Court’s holding is that Tavory cannot file his identical complaint, because that complaint, as pled, is not based upon a valid registration. This would be the case in almost *any* situation where a case is dismissed for lack of subject matter jurisdiction. This inability to re-file the identical suit cannot form the basis of a holding that Tavory pay NTP’s attorney’s fees. If that were the case, then all dismissals for lack of subject matter jurisdiction would materially alter the relationship between the

parties, because a plaintiff can rarely refile the exact same complaint, for the very reasons that lead to dismissal to begin with.

The district court's dismissal for lack of subject matter jurisdiction does not pass on the issue of whether Tavory is the author of a valid work – it only passes on whether he is the holder of a valid registration. Tavory may still obtain a valid registration for his work and file suit against NTP on otherwise identical facts.

A new registration and suit brought by Tavory would not be barred by the District Court's holding that his first suit lacked subject matter jurisdiction due to a faulty registration. This is the beginning and end of the analysis under *Buckhannon*.

***E. The Federal Circuit's Decision
Conflicts With the Only Other Circuit to
Decide this Issue in the Copyright
Context.***

The only other circuit to decide this issue in the copyright context¹⁵ held that a defendant cannot be

¹⁵ The Sixth Circuit in *Bridgeport Music, Inc. v. London Music, U.K.*, 226 Fed. Appx. 491, 492 (6th Cir. 2007) was presented with the issue of whether a voluntary dismissal with prejudice of a copyright infringement action made the Defendant a "prevailing party" under *Buckhannon*, but declined to resolve the issue because the district court provided alternate, sustainable grounds for denying to award the defendant attorney's fees.

considered a "prevailing party" for fee award purposes when the defendant successfully convinced the district court it lacked subject matter jurisdiction due to plaintiff's alleged "reconstruction" of the deposit materials submitted to the Copyright Office.¹⁶ *Torres-Negron v. J & N Records, LLC*, 504 F.3d 151 (1st Cir. 2007).

In *Torres-Negron*, the plaintiff wrote the words and the lyrics to a song, and then gave his friend both the piece of paper upon which he had written the lyrics, and a cassette tape containing a recording of *Torres-Negron* singing the song. *Id.* at 154. Years later, after learning that the song had been recorded and distributed in both Puerto Rico and the continental United States, *Torres-Negron* filed for copyright registration and filed suit for infringement. *Id.* There was no dispute that *Torres-Negron* had given his friend the original and only copies of the work, and did not retain a copy for himself. *Id.*

After a jury found that the Defendants had infringed the *Torres-Negron* song, the district court

¹⁶ The *Torres-Negron* case was decided after the district court issued its initial fee order, A1, but was considered by the Court on Tavory's Motion to Vacate. A25. The District Court acknowledged that *Torres-Negron* is the "only decision on point identified by either party or the Court," but found that *Torres-Negron* is "not persuasive" due to its perceived "cursory" analysis. A25.

held on a motion for judgment as a matter of law that Torres-Negron reconstructed the deposit materials from his memory, without reference to either the original paper or recording. *Id.* at 155. The Court thus upheld the dismissal for lack of subject matter jurisdiction.

The First Circuit also upheld the District Court's denial of attorney's fees to the Defendants. The First Circuit explained that because the dismissal for lack of subject jurisdiction makes "no ruling on [Plaintiff's] claims of infringement...[Defendant] has not prevailed on the merits of the copyright infringement allegations and is not entitled to a fee award under the statute." *Id.* at 164.

The *Tavory* court of appeals and district court both rejected the First Circuit's analysis as "cursory." Nonetheless, the First Circuit (a) identified the issue of subject matter jurisdiction, (b) cited to *Buckhannon*, (c) relied upon the *Nimmer on Copyright*¹⁷ treatise and several post-*Buckhannon* circuit court decisions, and (d) acknowledged that it was the only known case

¹⁷ *Torres-Negron*, 504 F.3d at 164 ("See 4-14 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 14.10[B] ("[S]ince the Supreme Court's decision in [*Buckhannon*], it has been held that a prevailing party can only be one who 'secure[d] a judgment on the merits or a court-ordered consent decree.'"))).

precisely on point. The analysis was not cursory; there was simply no need to write exhaustively on an issue already decided by the Supreme Court.

The *Torres-Negron* court applied the proper *Buckhannon* analysis. In *Torres-Negron*, a jury had made a factual finding of infringement, and the court nonetheless found that there was no material alteration of the relationship between the parties because of its later finding of lack of subject matter jurisdiction. *Id.* Here, as in *Torres-Negron*, there was no dispute that the Plaintiff wrote the work in question. (A.2). The only dispute was over the legal significance of that authorship. In *Tavory*, the Court did not have occasion to pass upon the merits of the legal significance of the authorship, instead holding that the copyright registration could not meet the 17 U.S.C. § 411 requirement of a valid registration as a prerequisite to suit.

II. THE FAR REACHING IMPLICATIONS OF THIS ISSUE IN CASES WHERE DEFENDANTS SEEK PREVAILING PARTY ATTORNEY'S FEES WARRANTS THIS COURT'S ATTENTION.

By one count, there are more than 150 federal statutes that contain fee shifting provisions affected by *Buckhannon* and its progeny.¹⁸ *Buckhannon* and

¹⁸ J. Douglas Klein, Note, *Does Buckhannon Apply? An Analysis of Judicial Application and Extension of the Supreme Court Decision Eighteen Months After and Beyond*, 13 DUKE ENV. LAW & POL'Y F. 99, 105 (Fall, 2002).

the majority of the cases since *Buckhannon* deal with a *Plaintiff's* request for prevailing party attorney's fees. See, e.g., *New Eng. Council of Carpenters v. Kinton*, 284 F.3d 9, 30 (1st Cir. 2002) (denying fees because the lower court failed to issue an "order compelling, or leading to [plaintiff's sought after relief]"); *J.C. v. Reg'l Sch. Dist. 10*, 278 F.3d 119, 121 (2d Cir. 2002) (concluding that *Buckhannon* held that a prevailing party may only be applied to one who receives judicial sanctioning through a judgment on the merits or a consent decree); *Truesdell v. Philadelphia Hous. Auth.*, 290 F.3d 159 (3d Cir. 2002) (The court found that an Order (1) contained mandatory language, (2) is entitled "Order," and (3) bears the signature of the District Court judge, not the parties' counsel, and (4) gave plaintiff the right to request judicial enforcement of the settlement against defendant); *Smyth v. Rivero*, 282 F.3d 268, 280 (4th Cir. 2002) (Explaining the difference between consent decree and private settlement because of the "Supreme Court's determination that a line should be drawn between them."); *Am. Disability Ass'n v. Chmielarz*, 289 F.3d 1315, 1317 (11th Cir. 2002) (Court approval of the terms of a settlement agreement coupled with its explicit retention of jurisdiction are the functional equivalent of a consent decree).

But in the context of a successful jurisdictional challenge, it is the *Defendant* who will generally

seek to be considered the “prevailing party.” On this issue, the Courts have split. *See Part I, supra*. In such cases, it is often true that the Defendants push hard on the jurisdictional issue in part because the merits are not in their favor. *See, e.g., Citizens for a Better Environment*, 230 F.3d at 931 (Defendant “concededly filed reports after the statutory deadlines. That’s why [it] needed to pitch its defense on jurisdictional grounds.”).

This Court has concluded that the inquiry as to whether prevailing Defendants may be awarded attorney’s fees, at best, must apply the same standard as that applied to Plaintiffs. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994) (deciding standards for availability of “prevailing party” attorney’s fee awards to defendants in copyright infringement actions). Indeed, in most cases, Defendants are held to a *higher standard* of success than plaintiffs before the American Rule of each party bearing his own fees may be breached. *Christanburg Garment Co. v. EEOC*, 434 U.S. 412 (1978)(under remedial statutes, award of attorney’s fees to a prevailing defendant should be made only if the suit was frivolous, unreasonable, or pursued in bad faith). But the effect of the Court of Appeals’ ruling here – holding that a decision regarding subject matter jurisdiction can be a merits decision for purposes of usurping the American Rule regarding shifting of attorney’s fees

even if not for other purposes – is to give Defendants a distinct *advantage* if they can mount an attack on the subject matter jurisdiction of the court.¹⁹

Before the Courts of Appeals go too far down the road of wrongly applying a misperceived “roving authority to the Judiciary to allow counsel fees as costs or otherwise whenever the courts might deem them warranted,” *Buckhannon*, 532 U.S. at 610, this Court should step in and correct the aimless course embarked upon by the Circuit Court in this case. Without the firm anchor of subject matter jurisdiction, a party simply cannot be considered a “prevailing party” entitled to request a fee award. This Court should resolve the circuit split and confirm that *Buckhannon*’s “prevailing party” analysis applies equally to defendants and plaintiffs.

¹⁹ In the most egregious cases, a Defendant subjected to utterly frivolous litigation without any basis in fact or law is not entirely without recourse for recovering attorney’s fees. See *Willy v. Coastal Corp.*, 503 U.S. 131 (1992)(courts have subject matter jurisdiction to award attorney’s fees as a sanction pursuant to Federal Rule of Civil Procedure 11 or their inherent power, even when they had no subject matter jurisdiction over the underlying matter).

Conclusion

For the foregoing reasons, the Court should grant the petition for writ of *certiorari*.

Respectfully Submitted,

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2008 WL 4710755 (C.A.Fed. (Va.))

United States Court of Appeals, Federal Circuit.
Oren **TAVORY**, Plaintiff-Appellant,

v.

NTP, INC., Defendant-Appellee.

No. 2008-1090.

Oct. 28, 2008.

Appeal from the United States District Court for the Eastern District of Virginia in case no. 3:06-CV-628, James R. Spencer, Chief Judge.

G. Donovan Conwell, Jr., Conwell Kirkpatrick, P.A., of Tampa, FL, argued for plaintiff-appellant.

Kevin P. Anderson, Wiley Rein LLP, of Washington, DC, argued for defendant-appellee. With him on the brief was James H. Wallace, Jr. Of counsel were John B. Wyss and Robert J. Scheffel.

Before MICHEL, Chief Judge, NEWMAN and BRYSON, Circuit Judges.

MICHEL, Chief Judge.

Plaintiff-Appellant Oren Tavory appeals from the district court's award of attorneys' fees under 17 U.S.C. § 505, which was based on the court's earlier holding that defects in Tavory's copyright registration divested the court of subject matter jurisdiction over his copyright infringement claim. Because we hold that the district court's holding regarding Tavory's copyright registration materially altered the legal relationship between Tavory and Defendant-Appellee NTP, Inc., and the district court did not abuse its

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discretion in determining that a fees award was appropriate in the amount of \$36,899.57, we *affirm*.

I. BACKGROUND

The facts of this case are set out in detail in our opinion in *Tavory v. NTP, Inc.*, No.2007-1130, slip op. at 2-5 (Fed.Cir. Oct. 27, 2008). We do not repeat them all here but only relate those facts relevant to the disposition of this appeal.

In 1991, Tavory participated in writing certain software for Telefind, a company that operated a nationwide pager network. The software was written as part of a joint project between Telefind and ESA, an engineering consulting firm whose president, Tom Campana, was also an executive at Telefind. The project sought to develop a system for AT & T whereby the system could take e-mail from a conventional e-mail system, transmit it wirelessly to a pager via the Telefind network, and then transfer the e-mail from the pager to a laptop computer for easier viewing. Tavory was involved as a programmer for this project, as were Mike Ponschke and Gary Thelen, two programmers at ESA.

Although the project for AT & T was ultimately a failure, Campana and his ESA colleagues eventually filed and received patents on the technology they developed for the project. Tavory was not listed as a co-inventor. Included in the patent applications was a copy of software code that Tavory had helped write. Campana founded a new company, NTP, and the

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patents were assigned to NTP. NTP then filed a high-profile patent infringement suit against Research in Motion ("RIM"), which ultimately reached this court on appeal. See *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed.Cir. 2005). As part of that litigation, in 2002, Tavory was deposed as a witness for NTP. He did not make any claims of copyright infringement by NTP at that time. RIM ultimately elected to settle the case with NTP and paid \$612.5 million for a license to NTP's patents.

In September 2006, less than a year after the RIM settlement, Tavory filed the present suit seeking: (1) correction of inventorship to add Tavory as a co-inventor to each of the patents at issue, (2) copyright infringement as to the software Tavory had allegedly written as part of the AT & T project, and (3) unjust enrichment. The district court ultimately dismissed the unjust enrichment claim. See *Tavory v. NTP, Inc.*, 495 F.Supp.2d 531, 533 (E.D.Va. 2007). Upon NTP's motion for summary judgment on the inventorship and copyright claims, the court ruled in favor of NTP and awarded summary judgment. *Id.* at 541. Regarding the copyright infringement claim, the court held that Tavory's copyright registration was defective because the purported copy of his software that he deposited with the Copyright Office was not a bona fide copy of Tavory's original software. *Id.* at 535-37. As a result, the district court held that it lacked jurisdiction over the copyright infringement claim. *Id.* at 536-37. The court also held, in the alternative, that NTP was entitled to judgment on the

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copyright claim under the doctrines of equitable estoppel, judicial estoppel, laches, and fair use. *Id.* at 537-39. Tavory did not appeal the portion of the district court's summary judgment order relating to his copyright claim.

On October 9, 2007, the district court granted in part NTP's motion for attorneys' fees, awarding fees on Tavory's dismissed copyright claim under 17 U.S.C. § 505 but denying fees on Tavory's inventorship claims. *Tavory v. NTP, Inc.*, 2007 WL 2965048 (E.D.Va. 2007). The court weighed the four factors prescribed in *Rosciszewski v. Arete Associates*, 1 F.3d 225, 234 (4th Cir. 1993), and awarded \$36,899.57 to NTP, less than 12% of the amount requested. Tavory moved to vacate the award, arguing that NTP was not a "prevailing party" because the claim was dismissed for lack of subject matter jurisdiction. On December 3, 2007, the district court denied Tavory's motion and upheld its award of fees, holding that NTP was a prevailing party. Tavory timely appealed to this court. Because Tavory's suit was based in part on 28 U.S.C. § 1338(a), we have jurisdiction over this appeal under 28 U.S.C. § 1295(a)(1).

II. DISCUSSION

On issues of copyright law, we apply the law of the regional circuit. *Amini Innovation Corp. v. Anthony Cal., Inc.*, 439 F.3d 1365, 1368 (Fed.Cir. 2006). In the Fourth Circuit, an award of attorneys' fees under 17 U.S.C. § 505 is reviewed for an abuse of

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discretion. *Ale House Mgmt., Inc. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 144 (4th Cir.2000).

A. "Prevailing Party"

In relevant part, the fees statute of the Copyright Act provides: "[T]he court in its discretion may allow the recovery of full costs [including] a reasonable attorney's fee to the *prevailing party*." 17 U.S.C. § 505 (emphasis added). The Supreme Court has held that the term "prevailing party," as that term is used in various federal attorney's fees statutes, requires that the party have obtained some kind of relief from the court on the merits of the claim such that a "material alteration of the legal relationship of the parties" has occurred. *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 603-04, 121 S.Ct. 1835, 149 L.Ed.2d 855 (2001). The question then is whether the district court's dismissal here of Tavory's copyright infringement claim was a decision on the merits that materially altered the legal relationship between Tavory and NTP. We conclude that it did materially alter their legal relationship, and that it rendered NTP the prevailing party within the meaning of § 505 and *Buckhannon*.

Tavory argues that the district court dismissed his claim because it lacked subject matter jurisdiction¹ and that a dismissal for want of jurisdiction

¹ In the Fourth Circuit, as the district court correctly held, a valid copyright registration is a "jurisdictional prerequisite" to suit, and an invalid registration divests the court of subject matter jurisdiction. *Xoom, Inc. v. Imageline, Inc.*, 323 F.3d 279, 283 (4th Cir. 2003).

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cannot create a “prevailing party” within the meaning of *Buckhannon*. The district court recognized, as both parties concede, that the circuits appear to be split on whether a dismissal for want of jurisdiction materially alters the legal relationship of the parties. Compare *Citizens for a Better Env’t v. Steel Co.*, 230 F.3d 923, 925-28 (7th Cir. 2000) (“[A] court may lack authority to resolve the merits of a claim yet have jurisdiction to award costs and attorneys’ fees to the prevailing party.”), with *Elwood v. Drescher*, 456 F.3d 943, 948 (9th Cir. 2006) (“Where a claim is dismissed for lack of subject matter jurisdiction, the defendant is not a prevailing party. . . .”). The Fourth Circuit has explicitly reserved ruling on this issue; thus, we can discern little guidance from Fourth Circuit precedents. See *Wendt v. Leonard*, 431 F.3d 410, 414 (4th Cir. 2005).

Many dismissals for want of jurisdiction do not affect the legal relationship of the parties because they are not decisions on the merits of the claim. For example, a district court must dismiss a claim for lack of subject matter jurisdiction when the plaintiff relies on diversity jurisdiction, but her complaint alleges that all parties are citizens of the same state. See 28 U.S.C. § 1332(a). In dismissing the claim, the court has not found any facts, examined any evidence, or decided any issue in the case relating to the merits of the claim. The plaintiff may, in most such cases, simply refile the exact same claim in state court and obtain an adjudication.

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But some dismissals for want of jurisdiction do effectively alter the legal relationship of the parties. For example, a district court may dismiss a claim for lack of subject matter jurisdiction if it determines that the claim is "essentially fictitious, wholly insubstantial, obviously frivolous, and obviously without merit." *Hagans v. Levine*, 415 U.S. 528, 537-38, 94 S.Ct. 1372, 39 L.Ed.2d 577 (1974) (internal quotation marks and citations omitted); see also *Bell v. Hood*, 327 U.S. 678, 682-83, 66 S.Ct. 773, 90 L.Ed. 939 (1946). Such a case may arise when governing precedents have so clearly decided an issue as to "inescapably render the claims frivolous." *Hagans*, 415 U.S. at 538. While the court is dismissing the claim for want of jurisdiction, it is clearly making a decision on the *merits* of the claim. No formal preclusion or prejudice may prevent the plaintiff from refileing the same claim elsewhere, but the district court has nonetheless decided that the claim is so deficient on the *merits* that it cannot ever succeed. As such, that decision materially altered the legal relationship of the parties within the meaning of *Buckhannon*.

We believe that the dismissal of Tavory's copyright claim in the present case is also a decision on the merits of Tavory's claim such that the legal relationship of the parties was materially altered. Under 17 U.S.C. § 408, Tavory was required to "deliver[] to the Copyright Office . . . one complete copy or phonorecord" of the work he sought to protect in order to obtain a copyright registration. Most circuits

have held that the deposit copy must be either an original or "bona fide" copy of the work. *See, e.g., Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1211 (9th Cir. 1998). The district court here found that Tavory's deposit copy was not an original or bona fide copy, and that Tavory's copyright registration is thus invalid. *Tavory*, 495 F.Supp.2d at 535-37.² Although the legal consequence of that decision was that the district court had to dismiss the case for want of jurisdiction, the court's decision bore on the *merits* of Tavory's copyright infringement claim. Tavory alleges that NTP illegally copied *the work covered by his copyright registration*, namely the work he deposited with the Copyright Office. By finding the deposit copy of that work to be an invalid reconstruction, the court essentially decided that Tavory cannot ever succeed in a copyright infringement claim against NTP based

² The court relied heavily on Tavory's own admission that the deposit copy of his software's code was produced "only by referring to modified versions of the code and redacting those modifications to the best of his recollection in order to create an 'original.'" *Tavory*, 495 F.Supp.2d at 536. This admission was made in an affidavit Tavory filed with the court with his opposition to NTP's motion for summary judgment. *See* J.A. at 972. The affidavit also attached the deposit copy, which the district court also considered. Tavory also gave testimony at a deposition where he gave the same admission. *See* J.A. at 767-77. And he made the same admission in his briefing to this court. *See* Appellant's Br. at 9 (admitting that Tavory reconstructed the code he wrote by copying from a later version of the software and omitting those portions "that w[ere] added after the original source code was created").

on the work represented in that invalid copy. In our view, this is similar to a *Hagans* dismissal and also materially alters the legal relationship of the parties. In fact, the dismissal here effects a greater alteration than a *Hagans* dismissal in that the district court's holding that Tavory's copyright registration is invalid would preclude him from ever asserting it against NTP, or indeed any other party, in the future – Tavory must obtain a new registration with a *different* (and valid) deposit copy to file another copyright infringement action against NTP for the allegedly infringing acts at issue here.

Therefore, we hold that the district court's dismissal of Tavory's copyright infringement claim was a decision on the merits of the claim that materially altered the legal relationship between the parties.³

³ We acknowledge that the First Circuit came to the opposite conclusion in *Torres-Negron v. J & N Records, LLC*, 504 F.3d 151, 164-65 (1st Cir. 2007). There, the First Circuit held that the district court's grant of judgment as a matter of law did not confer prevailing party status when it was based on the holding that the court lacked subject matter jurisdiction over a copyright infringement claim because of a defective registration. *Id.* It held that a party cannot be a prevailing party if "it has not received a *judgment* on the merits." *Id.* (emphasis added). We are not persuaded by the brief treatment of the issue given in *Torres-Negron* and decline to follow it. Further, we note that the *Buckhannon* Court indicated that dispositions other than judgments on the merits could also confer prevailing party status. See *Buckhannon*, 532 U.S. at 604 ("In addition to judgments on the merits, we have held that settlement agreements enforced through a consent decree may serve as a basis for an award of attorney's fees.").

A. 10

As a result, we affirm the district court's holding that NTP was the prevailing party within the meaning of § 505.

B. Determination of the Fees Award

Tavory also argues that the district court abused its discretion in its determination of the amount of fees awarded to NTP by failing to correctly apply the applicable tests. In the Fourth Circuit, the district court must first evaluate whether an attorney's fees award is justified under the four-factor test in *Rosciszewski* by weighing: (1) the motivation of the parties, (2) the objective reasonableness of the legal and factual positions advanced, (3) considerations of compensation and deterrence, and (4) any other relevant factor. 1 F.3d at 234.

The district court here addressed each of these prongs separately. It found that Tavory was motivated to mislead the court, namely by suing based on a facially inadequate copyright registration and providing misleading discovery responses regarding that registration. The district court then found that Tavory's legal and factual positions on his copyright claim were generally meritless and objectively unreasonable because he knowingly filed a reconstruction rather than a bona fide copy of his software with the Copyright Office and deliberately hid its true nature. The district court also found that his positions were weak because Tavory largely sought to recover for NTP's copying for the purposes of the RIM litigation,

which the court held was clearly fair use. The district court found that the compensation and deterrence prong did not support awarding fees, but the court held that its findings on the first two prongs and the additional fact that NTP prevailed on every claim raised by Tavory in the case strongly supported a fees award.

Tavory argues this analysis was an abuse of discretion for four major reasons. First, he argues that his discovery responses were not misleading because his indication that he had documents from 1991 “evinc[ing]” the copy of the software he used for his registration was technically correct since he reconstructed the code partly based on a 1991 fax. But even if his answers were not technically false, the district court focused on the overall misleading nature of his case and found his answers misleading in that context. We are not persuaded this was incorrect. Second, Tavory argues that his registration was valid or close enough to demonstrate good faith because the Copyright Office now permits the use of later versions of software if given special dispensation. But not only was this procedure not available when he filed his copyright claim (thus belying good faith), he has not established why or how he would have won this special dispensation. Third, Tavory argues that his infringement claims were meritorious because NTP’s copying of his software for the RIM litigation was not fair use and because he also sought relief for other copying activities unrelated to litigation. But he cites no authority that has held copying for litigation

under a protective order is a copyright violation or not fair use,⁴ and he does not specify what those non-litigation activities were. Lastly, he argues that the district court erred by weighing as a factor the fact that NTP prevailed in the lawsuit generally. Even were we to agree with this last argument, Tavory has clearly failed to establish that the district court abused its discretion in its overall determination that fees were warranted under *Rosciszewski*.

After determining fees are appropriate under *Rosciszewski*, the district court must then consider the twelve factors outlined in *Barber v. Kimbrell's, Inc.*, 577 F.2d 216, 226 n. 28 (4th Cir. 1978), to determine the amount of the award. The district court here provided a relatively brief but specific description of its fact-finding as to these factors. It did not make express findings as to every factor. It concluded that most of the fees sought were speculative and awarded \$36,899.57 out of the \$323,756 sought by NTP.

Tavory raises two sets of objections to the district court's determination of the award amount. He first argues that the district court erred by not making findings as to each and every *Barber* factor. His only support for such a rule is the statement in *Rosciszewski* that a district court "must make specific

⁴ His authorities, inter alia, only hold that fair use must be decided on a case-by-case basis and that per se rules are generally improper. See, e.g., *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 448, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984).

findings on each of the factors set forth in *Barber*.” 1 F.3d at 234 n. 8. This statement, however, is unquestionably dicta. Further, *Barber* itself holds that “any award must be accompanied by detailed findings of fact with regard to *the factors considered*.” 577 F.2d at 226 (emphasis added). Logically then, no detailed findings are required as to the factors *not* considered. Further, it is illogical to require district courts to mechanically address every factor when many clearly do not apply at all – for example, the tenth factor is “the undesirability of the case within the legal community in which the suit arose.” *Id.* at 226 n. 28. That factor is not relevant here. *Barber* was not a copyright case, and the Fourth Circuit applies the *Barber* factors to a wide variety of fee awards; clearly, different types of cases and different factual scenarios will implicate different combinations of the twelve factors. Thus, we do not consider the district court’s failure to make detailed findings as to all twelve *Barber* factors an abuse of discretion.

Tavory next argues that the findings that the district court did make were not supported in the record. He first complains that NTP never provided sufficient evidence to demonstrate that the “standard rates” it listed in its documentation were actually standard market rates. But the very case he cites eviscerates his argument. In *Spell v. McDaniel*, the Fourth Circuit upheld a fees award in which the district court had to “substitute its personal knowledge and experiences in lieu of substantive evidence” to determine if the sought fees were reasonable. 824

F.2d 1380, 1402-03 (4th Cir.1987). The district court here did the same. Tavory also relies on *E.E.O.C. v. Service News Co.*, but there the district court erred by not making particularized findings as to *any* specific factors and by not doing a *Barber* analysis. *Serv. News*, 898 F.2d 958, 965 (4th Cir. 1990). That is hardly the case here. Tavory's best argument is that the time records submitted by NTP entirely redacted the narratives for the time entries so it is impossible to know whether the billed time was "reasonably expended." See *Daly v. Hill*, 790 F.2d 1071, 1079 (4th Cir. 1986). Although this argument is well-taken, the district court *denied* most of the fees sought by NTP and instead awarded less than 12% of them for a total of merely \$36,900. It can hardly be said that this award is unreasonable, particularly when reviewed under an abuse of discretion standard.

CONCLUSION

For the reasons provided above, the district court's award of attorneys' fees under 17 U.S.C. § 505 is affirmed.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

OREN TAVORY,

Plaintiff,

v.

NTP, INC.,

Defendant.

Action No. 3:06-CV-628

ORDER

(Filed Sep. 28, 2007)

THIS MATTER is before the Court on a Motion for Attorneys' Fees by NTP (Docket No. 111). For reasons that will be stated in a Memorandum Opinion, the Motion is GRANTED IN PART AND DENIED IN PART and NTP is hereby AWARDED attorneys' fees of \$36,899.57.

Let the Clerk send a copy of this Order to all counsel of record.

It is SO ORDERED.

/s/ James R. Spencer

CHIEF UNITED STATES
DISTRICT JUDGE

ENTERED this 28th day of September 2007

2007 WL 2965048

United States District Court, E.D. Virginia,
Richmond Division.

Oren **TAVORY**, Plaintiff,

v.

NTP, INC., Defendant.

Action No. 3:06-CV-628.

Oct. 9, 2007.

Dana Duane McDaniel, Joel Christopher Hoppe, Spotts Fain PC, Richmond, VA, G. Wrede Kirkpatrick, George Donovan Conwell, Jr., Conwell Sukhia & Kirkpatrick PA, Tampa, FL, Steven G. Hill, Hill Kertscher & Wharton LLP, Atlanta, GA, for Plaintiff.

Christopher Michael Mills, Wiley Rein LLP, McLean, VA, Gregory Michael Murphy, Maya Miriam Eckstein, Hunton & Williams LLP, Richmond, VA, James Harold Wallace, Jr., John Benedict Wyss, Kevin Paul Anderson, Wiley Rein LLP, Washington, DC, for Defendant.

MEMORANDUM OPINION

JAMES R. SPENCER, Chief United States District Judge.

THIS MATTER is before the Court on a Motion for Attorneys' Fees (Docket No. 111) by NTP. On September 20, 2006, Tavory sued NTP, seeking to be joined as an inventor to six patents owned by NTP, as well as damages for copyright infringement and unjust enrichment. After dismissing Tavory's claim

for unjust enrichment on December 26, 2006, the Court granted summary judgment in favor of NTP on Tavory's other claims. *See Tavory v. NTP, Inc.*, No. 06-CV-628 (E.D.Va. July 17, 2007) ("*Tavory II*"). Now, NTP asks the Court to award it the attorneys' fees that it incurred defending that suit. For the reasons stated below, NTP shall be awarded attorneys' fees of \$36,899.57.

1. *Tavory's copyright claims*

The Court may "in its discretion" award "a reasonable attorney's fee" to a party that prevails in a suit under Title 17. 17 U.S.C. § 505. *See Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994) (emphasizing that awarding attorneys' fees in suits under Title 17 is discretionary). *See also Ale House Mgmt., Inc. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 144 (4th Cir. 2000) (stating that attorneys' fees should not be awarded "as a matter of course"). In deciding whether to award attorneys' fees, the Court must consider four factors: "(1) the motivation of the parties; (2) the objective reasonableness of the legal and factual positions advanced; (3) the need in particular circumstances to advance considerations of compensation and deterrence; and (4) any other relevant factor presented." *Rosciszewski v. Arete Assocs., Inc.*, 1 F.3d 225, 234 (4th Cir. 1993).

Applying that standard, the Fourth Circuit affirmed an award of attorneys' fees against a party that alleged that using copyrighted material in

litigation was not "fair use," finding that the claim was motivated by a desire "to block potentially relevant evidence from being presented" in another suit. *Bond v. Blum*, 317 F.3d 385, 397-98 (4th Cir. 2003). Inconsistent conduct also evinces motivation warranting an award of attorneys' fees. See *Superior Form Builders, Inc. v. Dan Chase Taxidermy Supply Co.*, 74 F.3d 488, 498 (4th Cir. 1996) (affirming an award of attorneys' fees against a party who claimed that animal mannequins cannot be copyrighted, while attempting to copyright his own animal mannequin designs).

Discussing the second factor established in *Rosciszewski*, the Fourth Circuit has held that if a party has pursued a patently frivolous position, failing to award attorneys' fees "will, except under the most unusual circumstances, constitute an abuse of discretion." *Diamond Star Bldg. Corp. v. Freed*, 30 F.3d 503, 506 (4th Cir. 1994) (noting that a party's refusal to settle a frivolous suit does not justify awarding attorneys' fees). But, attorneys' fees may be awarded even if a party's position was not frivolous. *Bond*, 317 F.3d at 398.

The third and fourth *Rosciszewski* factors have rarely played an important role in the Fourth Circuit's analysis of attorneys' fees awards. When the Fourth Circuit has discussed compensation and deterrence, it has often conflated that factor with other relevant considerations. See, e.g., *Bond*, 317 F.3d at 398 (stating without explanation that awarding attorneys' fees would deter the losing party from

“bringing meritless actions,” suggesting that the primary basis of the award was the strength of the losing party’s position).

A. *Tavory’s motivation*

Tavory alleged that NTP infringed a copyright that he held on a piece of software. *See Tavory II*. NTP sought to defeat Tavory’s claim by showing that his copyright was invalid because he recently created his copy of the software. In two requests for admission and one interrogatory, NTP asked whether Tavory possessed anything “that physically existed as of May 21, 1991 and which evinced the software in Exhibit A of the Complaint.” Def.’s Mem. Supp. Mot. Att’ys’ Fees at 5-6. Tavory replied that he did.

In fact, Tavory possessed a copy of the software that was created recently, based on a modified version of the original software, not a copy that existed in 1991. The Court regarded that distinction as significant when it granted summary judgment to NTP on Tavory’s copyright infringement claim, finding that Tavory’s registration of his copy of the software was invalid because that copy was a reconstruction. *See Tavory II*, slip op. at 7. Tavory has acknowledged that his copy of the software did not exist in 1991,¹ but he argues that his answers were justified because he had

¹ In his brief opposing this Motion, however, Tavory repeats – falsely – that his copy of the software “existed as of May 21, 1991.” Pl.’s Opp. Def.’s Mot. Att’ys’ Fees at 5.

a “source code listing” of the software “*as it existed* as of May 21, 1991.” See Pl.’s Opp. Def.’s Mot. Att’ys’ Fees at 5 (emphasis added). Tavory’s answer was a disingenuous effort to conceal a glaring weakness in his case, not a good-faith-but confused-attempt to respond to NTP’s discovery requests. Significantly, Tavory does not claim that in December 2006, when he replied to NTP’s discovery requests, he *believed* that he had something that existed in 1991 and evinced the software at issue. Instead, Tavory purposefully attempted to hide a fact that ultimately formed part of the basis of the Court’s grant of summary judgment in favor of NTP, prolonging the litigation of this suit. The importance of the information NTP sought makes the fact that Tavory answered in a misleading way less excusable. Thus, Tavory’s motivation in falsely answering NTP’s discovery requests warrants an award of attorneys’ fees.

B. The strength of Tavory’s position

NTP argues that Tavory’s claim of copyright infringement was unfounded because (1) his suit was based on a copyright certificate that he obtained fraudulently, by concealing the date his copy of the software was created; (2) his theory of copyright infringement – that NTP violated his copyright by making copies for the purpose of litigation to enforce NTP’s patents – was frivolous because no court has held that such copying is not “fair use”; and (3) Tavory made unreasonable discovery requests of NTP,

forcing it to search its attorneys' files for copies of his software.

Tavory responds that he did not fraudulently obtain a copyright certificate because he created his copy of the software by referring to documents that allowed him to identify the differences between that code and the original. Since he did not rely solely on his memory, he argues, he reasonably believed that his copy of the software was legally sufficient. Moreover, Tavory claims that the Copyright Office recently began granting copyrights based on a modified version of source code accompanied by an explanation of the differences from the original, suggesting that Tavory acted in good faith. To NTP's allegation that Tavory's legal theory was frivolous, he argues that whether copying – even for the purpose of litigation – is fair use must be determined on a case-by-case basis, and thus that his claim was not frivolous. And, Tavory argues that his discovery requests were reasonable, given that he learned after a lengthy dispute over discovery that NTP copied his software for purposes other than litigation.

The Court is not convinced by Tavory's arguments. Tavory knew that his copy of the software was created recently. The fact that the Copyright Office accepts modified versions of source code in some circumstances does not mean that a copy knowingly produced on the basis of other documents, years after the creation of the original, provides a legitimate basis for a claim of copyright infringement. Moreover, Tavory does not justify why he omitted the date that

he created the copy of the software that he submitted to the Copyright Office, a significant omission. Nor did Tavory cite any controlling precedent establishing that copying for the purpose of litigation may *not* constitute fair use. While the Court refrained from “announc[ing] a rule that categorically shields litigants from copyright liability,” *Tavory II*, slip op. at 11 n. 10, implicitly accepting Tavory’s view that allegations of copyright infringement should be evaluated on a case-by-case basis, Tavory did not offer any compelling arguments that NTP’s use of the software at issue constituted a copyright violation. Finally, although Tavory discovered some relevant information, the Court ruled that NTP’s opposition to Tavory’s discovery requests was, in general, legitimate. *See Tavory v. NTP, Inc.*, No. 06-CV-628 (E.D.Va. Mar. 30, 2007) (“*Tavory I*”). Thus, Tavory’s position was frivolous, justifying an award of attorneys’ fees to NTP.

Even if Tavory’s claims were not frivolous, his allegations were sufficiently weak to warrant an award of attorneys’ fees under the standard applied in *Bond*. *See* 317 F.3d at 398 (ruling that attorneys’ fees may be awarded even if a losing party’s position was not frivolous).

C. Compensation and deterrence

NTP argues that Tavory’s claim was stale because it concerned a subject that was addressed in depositions of Tavory taken in 2002, in litigation to

which Tavory was not a party. Although Tavory does not justify his delay in filing suit, NTP's argument lacks a legal basis. A deposition does not trigger a statute of limitations, and the fact that Tavory was asked about a basis of this suit during a [sic] unrelated proceeding did not obligate him to bring it at that time.

While Tavory made statements in those depositions that are inconsistent with the position he defended in this suit (e.g., in 2002 he claimed that he did not remember the role that he played in the creation of the software, and in 2006 he alleged that he helped to author it), *see Tavory II*, slip op. at 9, inconsistency is relevant for the purpose of evaluating a party's motivation in filing suit, not for weighing the need for compensation and deterrence. *See Superior Form Builders*, 74 F.3d at 498.

In addition, NTP's argument that Tavory waited to sue until the death of a key witness – a person knowledgeable about the authorship of the patents at issue – is unconvincing. It is far more plausible that NTP's lucrative settlement of its claims in other litigation, making ownership of its patents far more valuable, attracted Tavory's attention. Thus, this factor does not indicate that an award of attorneys' fees is warranted.

D. Other relevant factors

The fact that NTP succeeded on every claim brought by Tavory suggests that an award of attorneys' fees is appropriate.

Thus, three of the four factors established in *Rosciszewski*, including the two factors to which the Fourth Circuit has given the most weight, indicate that NTP should be awarded the attorneys' fees that it incurred as a result of Tavory's claim of copyright infringement.

2. Tavory's patent claims

Attorneys' fees may be awarded in patent litigation only "in exceptional cases." 35 U.S.C. § 285. The purpose of that provision is to enable a court to "award fees in an extraordinary case to prevent gross injustice" – e.g., in a case that was "obviously instituted for purposes of harassment." *Stillman v. Edmund Scientific Co.*, 522 F.2d 798, 800 (4th Cir. 1975); see *Am. Chain & Cable Co. v. Rochester Ropes*, 199 F.2d 325, 330 (4th Cir. 1952) (ruling that attorneys' fees should be awarded only in "situations involving vexatious and unjustified litigation on the part of the patentee"). For example, courts have awarded attorneys' fees against a party that re-litigates an issue decided in a previous suit. See, e.g., *Serrano v. Telular Corp.*, 111 F.3d 1578, 1585 (Fed.Cir. 1997). If a case is exceptional, "the aggrieved party is entitled to an award of the portion of its attorney fees which related to the vexatious litigation strategy and other

misconduct.” *Samsung Elecs. Co. v. Rambus, Inc.*, 439 F.Supp.2d 524, 572 (E.D.Va. 2006) (Payne, J.).

The Court granted summary judgment in favor on [sic] NTP on Tavory’s patent claims, holding that Tavory failed to show that he significantly contributed to the conception of the patents and to corroborate his claims. *Tavory II*, slip op. at 14-15. However, the Court’s opinion does not indicate that Tavory’s claims were frivolous. Nor did the Court find that – contrary to NTP’s contention – that Tavory re-litigated claims that were raised during his 2002 deposition, taken for litigation to which Tavory was not a party. In fact, NTP’s argument is puzzling, since the fact that a subject arises during a deposition does not create a cause of action that the deponent must either pursue at that time or forfeit.

NTP also argues that Tavory’s unsuccessful attempt to amend his Complaint to add a claim based on federal equity, after the Court dismissed his claim of unjust enrichment, constitutes re-litigation. Tavory responds that the Federal Circuit has ruled that a federal equitable remedy is distinct from a claim for disgorgement of profits, see *Univ. of Colo. Found., Inc. v. Am. Cyanamid Co.*, 342 F.3d 1298, 1304 (2003), and thus that he sought “at most” a “reasonable and good faith extension” of that holding. Regardless of the merits of that argument, in the context of awarding attorneys’ fees “re-litigation” occurs only if a party contests an issue that was decided in a previous suit. See *Serrano*, 111 F.3d at 1585. Tavory’s suit against

NTP was his first, so his attempts to obtain relief in more than one way do not constitute re-litigation.

Tavory's suit apparently sought to establish his claim to some of NTP's property, not solely to harass the company. Thus, under the higher standard for awarding attorneys' fees that applies to patent litigation, an award of fees is not warranted for Tavory's patent claims.

3. *The amount to be awarded*

NTP asks for fees based on its "lodestar," calculated on the basis of a "reasonable hourly rate." See *Hensley v. Eckerhart*, 461 U.S. 424, 433-34 (1983); *Synthon IP, Inc. v. Pfizer Inc.*, 484 F.Supp.2d 437, 443-44 (E.D.Va. Apr. 16, 2007) (Ellis, J.) (applying *Hensley* to patent litigation). The Fourth Circuit has ruled that a court awarding attorney's fees must apply each of the factors discussed in *Barber v. Kimbrell's, Inc.*, 577 F.2d 216, 226 (4th Cir. 1978). See *Nigh v. Koons Buick Pontiac GMC, Inc.*, 478 F.3d 183, 189 (4th Cir. Feb. 21, 2007); but see *In re MRRM, P.A.*, 404 F.3d 863, 869-70 (4th Cir. 2005) (affirming an award of attorneys' fees that did not apply *Barber* in detail). Those factors are "(1) the time and labor expended; (2) the novelty and difficulty of the questions raised; (3) the skill required to properly perform the legal services rendered; (4) the attorney's opportunity costs in pressing the instant litigation; (5) the customary fee for like work; (6) the attorney's expectations at the outset of the litigation; (7) the time

limitations imposed by the client or circumstances; (8) the amount in controversy and the results obtained; (9) the experience, reputation and ability of the attorney; (10) the undesirability of the case within the legal community in which the suit arose; (11) the nature and length of the professional relationship between attorney and client; and (12) attorneys' fees awards in similar cases." *Barber*, 577 F.2d at 226 n. 28.

NTP's attorneys charged their standard rates, billing a total of \$323,756. According to NTP, of that amount \$36,900 was spent defending Tavory's copyright claim, \$27,490 was spent on his patent claims, and \$259,367 could not be allocated. NTP asserts, without providing detailed justification, that most of the latter sum was used to defend Tavory's copyright claim. NTP's failure to identify how those billings were spent precludes the Court from awarding fees other than those specifically allocated to the defense of Tavory's copyright claim, since it could not justify any additional award in the way that *Barber* requires. That result is consistent with the fact that the majority of effort expended on this suit concerned Tavory's patent claims, for which an award of attorneys' fees would be improper.

NTP's attorneys spent 141 hours defending Tavory's copyright claim, which involved complex factual and legal issues that required specialized knowledge. Tavory's allegations lacked merit, but they were not run-of-the-mill, and he pressed his claims vigorously – resolving this dispute required

multiple motions to dismiss and a motion for summary judgment, as well as extensive discovery, including nine depositions in Chicago, Florida, and the District of Columbia. NTP's attorneys skillfully defended their client, achieving a successful result. Their billing rates were reasonable and commensurate with their experience and standing in the legal community, and this award is comparable to other awards in copyright litigation. Thus, upon due consideration of the factors established in *Barber*, the Court finds that an award of \$36,899.57 to NTP is appropriate, given the nature of this suit, the quality of work performed by its attorneys, and the results they obtained.

4. *Conclusion*

Accordingly, NTP's Motion for Attorneys' Fees shall be GRANTED IN PART AND DENIED IN PART, and NTP shall be awarded \$36,899.57.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

OREN TAVORY,

Plaintiff,

v.

NTP, INC.,

Defendant.

Action No. 3:06-CV-628

ORDER

(Filed Dec. 3, 2007)

THIS MATTER is before the Court on a Motion to Vacate Award of Attorney's Fees (Docket No. 124) by Tavory. For the reasons stated in the Memorandum Opinion accompanying this Order, the Motion is DENIED.

Let the Clerk send a copy of this Order to all counsel of record.

It is SO ORDERED.

/s/ James R. Spencer

CHIEF UNITED STATES
DISTRICT JUDGE

ENTERED this 3rd day of December 2007

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

OREN TAVORY,

Plaintiff,

v.

NTP, INC.,

Defendant.

Action No. 3:06-CV-628

MEMORANDUM OPINION

(Filed Dec. 3, 2007)

THIS MATTER is before the Court on a Motion to Vacate Award of Attorneys' Fees by Tavory. The Motion presents a novel question, one that the Fourth Circuit has not answered: whether a defendant in a suit for copyright infringement is a "prevailing party" – i.e., eligible for an award of attorneys' fees – if the plaintiff's claim was dismissed because it was based on an invalidly-registered copyright. Since the Court's ruling that Tavory deposited a reconstruction with the United States Copyright Office entails that his claim of copyright infringement could not have succeeded, the Court concludes that NTP, Inc. "prevailed." Thus, Tavory's Motion shall be DENIED.

1.

NTP owns several patents covering technology used in electronic mail systems. Those patents were

developed partly by Thomas Campana, a founder of NTP. Campana was also an officer of two other companies: Telefind, which operated a nationwide paging network; and ESA, which manufactured electronic hardware components. Telefind hired Tavory as a consultant to work with Campana and two of ESA's engineers on developing a laptop computer capable of wireless communication. By 1990, Campana's team had created a system that could send e-mail between a computer and a wireless device. By 1991, however, Telefind discontinued the project, and Tavory was no longer associated with Campana's work. Subsequently, Campana and ESA's engineers obtained six patents for an "electronic mail system" and other technologies. The first of their applications was filed in May 1991, but the other five applications were filed between 1994 and 1998, years after Tavory stopped working with Campana.

In 2001, after NTP acquired the rights to Campana's patents, it sued Research in Motion, Ltd. ("RIM") in this Court, alleging that RIM's popular BlackBerry device infringed several of the patents. Tavory was deposed in 2002 in connection with that litigation. While he alleged (without providing any evidence) that he wrote source code covered by those patents, he did not assert at that time that he should have been named as an inventor on any of the patents. Nor did he claim a copyright on any of the source code.

After protracted litigation, RIM announced on March 3, 2006 that it would pay NTP \$612.5 million

to license the patents at issue, a settlement that was widely publicized. Shortly thereafter, Tavory applied for a copyright covering “push software,” a portion of the source code covered by NTP’s patents that “pushes” e-mail onto a paging network for delivery. He deposited a copy of the software with the United States Copyright Office, which registered a copyright in Tavory’s name. Then, on September 20, 2006, about six months after RIM announced its settlement with NTP, Tavory filed suit in this Court, seeking to be joined as an inventor to six of the patents at issue in the RIM litigation, as well as damages for copyright infringement and unjust enrichment.

After dismissing Tavory’s claim for unjust enrichment, *see Tavory v. NTP, Inc.*, No. 06-CV-628 (E.D. Va. Dec. 26, 2006), the Court granted summary judgment to NTP on Tavory’s other claims, *see Tavory v. NTP, Inc.*, 495 F. Supp. 2d 531 (E.D. Va. July 17, 2007) (“*Tavory II*”). In *Tavory II*, the Court found that Tavory produced the copy of the push software that he deposited with the Copyright Office by modifying a relatively recent version of the source code, relying solely on his memory to redact changes that had been made to the source code since 1990, when he allegedly wrote it. *Id.* at 536. As a reconstruction – a copy produced on the basis of recollection – Tavory’s deposit copy was not a “bona fide copy”; thus, it did not satisfy the Copyright Act’s requirements for registering a copyright. *Id.* at 535-36. Adopting the reasoning of *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1211 (9th Cir. 1998), the Court concluded

that because Tavory's deposit copy was a reconstruction, it lacked subject matter jurisdiction over his claim for copyright infringement. *Id.* at 536-37. The Court rejected Tavory's patent claims on other grounds. *See id.* at 539-41.

Several months after *Tavory II*, the Court awarded NTP attorneys' fees of \$36,899.57, the sum that NTP was able to allocate to its defense of Tavory's claim of copyright infringement. *Tavory v. NTP, Inc.*, No. 06-CV-628, 2007 WL 2965048, *6 (E.D. Va. Oct. 9, 2007) ("*Tavory III*"). The Court refused to award \$259,367 that NTP could not allocate between Tavory's claim of copyright infringement and his patent claims. *Id.* at *5-6. The Court justified its award in part because Tavory responded evasively to three of NTP's discovery requests:

NTP asked whether Tavory possessed anything "that physically existed as of May 21, 1991 and which evinced the [push software]." Tavory replied that he did. In fact, Tavory possessed a copy of the software that was created recently, based on a modified version of the original software, not a copy that existed in 1991. The Court regarded that distinction as significant when it granted summary judgment to NTP on Tavory's copyright infringement claim, finding that Tavory's registration of his copy of the software was invalid because that copy was a reconstruction. Tavory has acknowledged that his copy of the software did not exist in 1991, but he argues that his answers were justified

because he had a “source code listing” of the software “as it existed as of May 21, 1991.” Tavory’s answer was a disingenuous effort to conceal a glaring weakness in his case, not a good-faith – but confused – attempt to respond to NTP’s discovery requests. . . . Tavory purposefully attempted to hide a fact that ultimately formed part of the basis of the Court’s grant of summary judgment in favor of NTP, prolonging the litigation of this suit.

Tavory III, 2007 WL 2965048 at *2 (internal punctuation and citations omitted). Tavory now asks the Court to vacate that award, arguing that because the Court lacked subject matter jurisdiction over his claim of copyright infringement, NTP is not a “prevailing party” eligible for an award of attorneys’ fees.

2.

In the United States, a party to a lawsuit is generally responsible for paying its own attorneys’ fees, even if it successfully prosecutes (or defends) the suit. *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep’t of Health & Human Res.*, 532 U.S. 598, 602 (2001). With few exceptions, a court will shift the burden of paying a party’s attorneys’ fees to its adversary only if a statute expressly authorizes doing so. *Id.*; see *Chambers v. NASCO, Inc.*, 501 U.S. 32, 45 (1991) (recognizing that “in narrowly defined circumstances courts have inherent power to assess attorney’s fees”). The Copyright Act, the basis of Tavory’s

claim of copyright infringement, is one of the statutes that provides that authority; it permits a court to “award a reasonable attorney’s fee to the prevailing party” in a suit brought under the Act. 17 U.S.C. § 505. Accordingly, attorneys’ fees are awarded routinely in copyright cases. *See, e.g.; Thoroughbred Software Int’l. Inc. v. Dice Corp.*, 488 F.3d 352, 362 (6th Cir. June 14, 2007) (noting that attorneys’ fees are awarded to the prevailing party in a copyright action as a rule). And, defendants are as eligible as plaintiffs to receive their attorneys’ fees. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527, 534 (1994) (reasoning that “a successful defense of a copyright infringement action may further the policies of the Copyright Act every bit as much as a successful prosecution of an infringement claim by the holder of a copyright”).

Whether a party “prevails” in this context is often disputed, however. The Supreme Court most recently clarified the meaning of “prevailing party” in *Buckhannon Board and Care Home, Inc. v. West Virginia Department of Health and Human Resources*, a suit by assisted-living facilities in West Virginia against several state entities after the facilities failed an inspection and were ordered to close. 532 U.S. at 600-01. After the facilities filed suit, the defendants agreed not to enforce the closure order until the case was resolved. *Id.* at 601. While the suit was pending, however, the West Virginia legislature changed the rules governing the facilities, eliminating the provision with which they failed to comply. *Id.* Since there was no longer any basis for ordering the facilities to

close, the suit was dismissed. *Id.* The facilities attempted to recover their attorneys' fees, arguing that they "prevailed" because their suit impelled the defendants to change their conduct. *Id.* The Court rejected the facilities' "catalyst theory," however, ruling that a party "prevails" only if a court sanctions a material change in the legal relationship of the parties. *Id.* at 604-05. The Court noted that its interpretation applies to every federal statute allowing a court to award attorneys' fees to a "prevailing party." *Id.* at 600, 603 n.4.

In addition to resolving disagreement about the validity of the "catalyst theory," *Buckhannon* reiterated several principles that were established by previous Supreme Court opinions interpreting "prevailing party" fee-shifting statutes. From those cases, three themes emerge: an award of attorneys' fees requires (1) a decision by a court that (2) addresses the merits of the parties' dispute and (3) affects the parties' legal relationship, providing effective relief.

First, a decision by a court – not a party – must have affected the parties' legal relationship. *Id.* at 605 (stating that "a defendant's voluntary change in conduct . . . lacks the necessary judicial imprimatur"); see *Statewide Reappointment Advisory Comm. v. Beasley*, 99 F.3d 134, 137 (4th Cir. 1996) (Niemeyer, J., concurring) (stating that a party "prevails" only if it obtains relief from a court, "not from some other process"). Thus, for example, a defendant does not "prevail" if a plaintiff voluntarily dismisses its claim.

See, e.g., *Chambers v. Time Warner, Inc.*, 279 F. Supp. 2d 362, 365 (S.D.N.Y. 2003).

Second, the court's decision must reflect a judgment about the merits of the parties' dispute. As the legislative history of a prominent "prevailing party" fee-shifting statute demonstrates, Congress decided that only "a determination of the substantial rights of the parties" justifies a departure from this country's practice of requiring parties to pay their own attorneys' fees. H.R. Rep. No. 94-1558, at 5 (1974) (cited in *Hanrahan v. Hampton*, 446 U.S. 754, 758 (1980)). Thus, a party does not "prevail" by surviving a preliminary motion (e.g., a motion to dismiss for lack of jurisdiction), *Buckhannon*, 532 U.S. at 605, or succeeding on an interlocutory appeal, see *Hewitt v. Helms*, 482 U.S. 755, 760 (1987) (noting that obtaining a favorable interlocutory ruling "is not the stuff of which legal victories are made"), since neither type of ruling determines the parties' rights. Nor does a party "prevail" by obtaining a preliminary injunction. *Smyth ex rel. Smyth v. Rivero*, 282 F.3d 268, 276-77 (4th Cir. 2002). Even though a court evaluates whether a party's claim is likely to succeed before granting a preliminary injunction, the court does not actually rule on the merits of the claim before granting the preliminary injunction. *Id.* at 276; see *RCA Records, a Div. of RCA Corp. v. All-Fast Sys., Inc.*, 594 F. Supp. 335, 337, 340 (S.D.N.Y. 1984) (refusing to award attorneys' fees after the entry of a preliminary injunction, even though the court found that "[a] clearer case of copyright infringement could hardly be

imagined"). Moreover, a court deciding whether to grant a preliminary injunction weighs other factors, too; thus, the entry of a preliminary injunction may not reflect the court's (initial) assessment of the claim's strength. *Smyth*, 282 F.3d at 276-77.

Third, the court's decision must effectively change the parties' legal relationship. See *Rhodes v. Stewart*, 488 U.S. 1, 3-4 (1988) (per curiam); *Hewitt*, 482 U.S. at 761-62. In *Rhodes*, the Court ruled that prisoners who won a judgment requiring a prison to modify its policies did not "prevail" because they were no longer in custody when the judgment was entered – thus, the judgment "could not in any way have benefit[t]ed either" of the prisoners. 488 U.S. at 2, 4. In *Hewitt*, the Court stated that a prisoner who received merely "the moral satisfaction of knowing that a federal court concluded that his rights had been 'violated'" did not "prevail," noting that the judgment did not provide any "judicial relief." 482 U.S. at 760, 762. Stated differently, only judicial action that provides genuine relief (e.g., by requiring a party to pay damages or change its behavior, see *Rhodes*, 488 U.S. at 4) can support an award of attorneys' fees.

A judgment on the merits of a claim and a settlement agreement enforced by a consent decree satisfy those requirements. *Buckhannon*, 532 U.S. at 604. While the *Buckhannon* Court discussed only those forms of judicial action, the Fourth Circuit has suggested that they are examples of judicial action that provides the necessary judicial imprimatur – not

an exhaustive list.¹ *Smyth*, 282 F.3d at 281. Several other circuits have also reached that conclusion. See *Rice Servs., Ltd. v. United States*, 405 F.3d 1017, 1025 (Fed. Cir. 2005); *Roberson v. Giuliani*, 346 F.3d 75, 81 (2d Cir. 2003); *T.D. v. LaGrange Sch. Dist. No. 102*, 349 F.3d 469, 478 (7th Cir. 2003); *Am. Disability Ass'n, Inc. v. Chmielarz*, 289 F.3d 1315, 1319 (11th Cir. 2002). But see, *Christina A. v. Bloomberg*, 315 F.3d 990, 993 (8th Cir. 2003). For example, in 2005, the Federal Circuit recently ruled that an "equivalent" of a ruling on the merits of a claim is sufficient *Rice Servs.*, 405 F.3d at 1025. And, the Second Circuit has stated that "judicial action other than a judgment on the merits or a consent decree can support an award" if the action carries "sufficient judicial imprimatur." *Roberson*, 346 F.3d at 81. These opinions suggest that, while a court may award attorneys' fees

¹ In fact, in a case decided before *Buckhannon*, the Fourth Circuit affirmed an award of attorneys' fees to an employer that "secured the dismissal, with prejudice, of [claims by the Secretary of Labor that the employer violated ERISA] without conceding that it had committed any prohibited transactions." *Reich v. Walter W. King Plumbing & Heating Contractor, Inc.*, 98 F.3d 147, 151 (4th Cir. 1996). The employer gave up nothing, promising only "to do what it was already legally required to do: adhere to ERISA." *Id.* (noting a comment by the district court that "[i]t is difficult to imagine how King Plumbing could have fared any better"). Since *Reich* did not depend on an application of the "catalyst theory," *Buckhannon's* focus, see 532 U.S. at 606, it is unlikely that *Buckhannon* would have affected the outcome of *Reich*. That case provides further evidence that the substance, not the form, of a court's resolution of a dispute determines whether a party "prevailed."

only after evaluating the “legal merit” of a claim, *Buckhannon*, 532 U.S. at 605, a “judgment on the merits” is not the only kind of decision that suffices.²

3.

Neither the Supreme Court nor the Fourth Circuit have decided whether a ruling dismissing a claim of copyright infringement on the ground that the plaintiff deposited a reconstruction with the Copyright Office materially changes the parties’ legal relationship, conferring “prevailing party” status on the defendant.³ The Fourth Circuit has addressed relevant questions on two occasions, however.

In *Wendt v. Leonard*, 431 F.3d 410, 411 (4th Cir. 2005) (“*Wendt II*”), the court affirmed the denial of a motion to vacate an award of attorneys’ fees by a plaintiff whose civil rights suit was dismissed for lack of subject matter jurisdiction. The court upheld the award of attorneys’ fees, even though the Tax

² In fact, two circuits interpreting *Buckhannon* have concluded that a ruling by an administrative agency – a decision that lacks a court’s imprimatur – may confer “prevailing party” status because it changes the parties’ legal relationship and could be enforced by a court. *P.N. v. Clementon Bd. of Educ.*, 442 F.3d 848, 854 (3d Cir. 2006); *A.R. ex rel. R.V. v. New York City Dep’t of Educ.*, 407 F.3d 65, 76 (2d Cir. 2005).

³ The Supreme Court has ruled, however, that a court may award attorneys’ fees in an action over which it never had subject-matter jurisdiction. See *Willy v. Coastal Corp.*, 503 U.S. 131, 137 (1992) (applying Federal Rule of Civil Procedure 11).

Injunction Act, 28 U.S.C. § 1341, prevented the district court from asserting jurisdiction over the plaintiff's claims, which he was required to pursue in state court, *see Wendt v. Leonard*, 60 Fed. App'x 487 (4th Cir. 2003). *Wendt II* is not controlling, however, because it addressed whether the award was void, in the context of Federal Rule of Civil Procedure 60(b)(4). *See* 431 F.3d 413-15. Focusing on the "unique nature of the extraordinary relief" sought by the plaintiff – the vacation of a final order that could no longer be appealed – the Fourth Circuit found that the award was not void because it had an "arguable basis," a relatively easy standard to satisfy. 431 F.3d at 413-14. Although the Fourth Circuit acknowledged in *Wendt II* that courts have disagreed about whether a court may award attorneys' fees under a "prevailing party" fee-shifting statute if it lacks subject matter jurisdiction over the action, it declined to resolve that issue. *See id.* at 414. Thus, since Tavory does not seek extraordinary relief, the "arguable basis" standard does not apply to *Tavory III*. |

Of greater force is the Fourth Circuit's statement in an opinion issued two months after *Buckhannon* that a "prevailing party" fee-shifting statute applies even if "there are jurisdictional defects in a case." *Dang v. Comm'r*, 259 F.3d 204, 208 (4th Cir. 2001). In *Dang*, taxpayers challenged the Tax Court's denial of their motion for costs under 26 U.S.C. § 7430. That provision is similar to section 505 of the Copyright Act. It provides:

In any administrative or court proceeding which is brought by or against the United States in connection with the determination, collection, or refund of any tax, interest, or penalty under this title, the prevailing party may be awarded a judgment or a settlement for . . . reasonable litigation costs incurred in connection with such court proceeding.

26 U.S.C. § 7430(a). In the context of that provision, “reasonable litigation costs” include attorneys’ fees, *id.* § 7430(c)(1)(B)(iii), and a “prevailing party” is one that “has substantially prevailed with respect to the amount in controversy, or . . . has substantially prevailed with respect to the most significant issue or set of issues presented,” subject to several exceptions. *Id.* § 7430(c)(4).

The taxpayers in *Dang* argued that they were “prevailing parties,” as defined by section 7430, because the Tax Court lacked subject matter jurisdiction over their dispute. 259 F.3d at 206. The Tax Court ruled against the taxpayers on a different basis, concluding that they did not “prevail” because they agreed with the Commissioner that a tax deficiency existed. *Id.* at 207, 208. But, the Tax Court noted that it *could* have decided whether the taxpayers were entitled to costs even if their case was jurisdictionally defective, *id.*, citing its earlier ruling that it “may award litigation costs pursuant to section 7430 after we determine that a case should be dismissed for lack of jurisdiction.” *Id.* at 209 (citing *Hubbard v. Comm’r*, 89 T.C. 792, 798 (1987)). The

Fourth Circuit agreed, stating that the Tax Court's decision did not depend on its finding that it had jurisdiction – and affirming that “the Tax Court correctly held that the provisions of § 7430 apply ‘even where there are jurisdictional defects in a case.’” 259 F.3d at 208-209.

While the parties' positions in *Dang* differ from those in this matter, the Fourth Circuit's commentary on the Tax Court's analysis suggests a court may award attorneys' fees in a matter regardless of whether “jurisdictional defects” exist. While *Dang* does not establish whether a party “prevails” *because* a court rules that it lacks subject matter jurisdiction, it addresses a court's power to address that issue. Thus, *Dang* places the Fourth Circuit among those circuits that have ruled in various contexts that a court may award attorneys' fees after dismissing an action for lack of subject matter jurisdiction. See *Citizens for a Better Env't v. Steel Co.*, 230 F.3d 923, 925-28 (7th Cir. 2000) (“[A] court may lack authority to resolve the merits of a claim yet have jurisdiction to award costs and attorneys' fees to the prevailing

party.”)⁴ *But see, e.g., Elwood v. Drescher*, 456 F.3d 943, 948 (9th Cir. 2006) (“Where a claim is dismissed for lack of subject matter jurisdiction, the defendant is not a prevailing party within the meaning of § 1988, and the district court accordingly lacks jurisdiction to award attorney’s fees.”).

Tavory argues that *Goldsmith v. Mayor & City Council of Baltimore*, 987 F.2d 1064, 1069 (4th Cir. 1988), controls the Court’s decision. In *Goldsmith*, the Fourth Circuit stated that “a jurisdictional dismissal . . . is not a judgment on the merits for purposes of res judicata.” *Id.* at 1069. But, the inclusion of the modifying phrase “for purposes of res judicata” suggests that the Fourth Circuit did not intend to decide how a dismissal for lack of jurisdiction should be treated for

⁴ Last year, another circuit affirmed an award of attorneys’ fees in a case in which the plaintiff “fail[ed] to meet the jurisdictional prerequisite of registering its copyrights prior to filing suit,” a failure that “rendered [the plaintiff’s] Copyright Act claims objectively unreasonable.” *Invision Media Svcs., Inc. v. Glen J. Lerner*, 175 Fed. App’x 904, 907 (9th Cir. 2006) (vacating the award on another ground). The Ninth Circuit did not explain why the fact that the plaintiff’s claim was “objectively unreasonable” conferred “prevailing party” status on the defendant, however. The Ninth Circuit’s expansive interpretation of the Copyright Act’s fee-shifting provision may reflect a compromise with its rigid stance on the relationship between subject matter jurisdiction and attorneys’ fees. *See, e.g., Elwood v. Drescher*, 456 F.3d 943, 948 (9th Cir. 2006). However, since the Fourth Circuit has not suggested that the reasonableness of a plaintiff’s claim is relevant to determining whether a defendant “prevailed,” this Court does not adopt the Ninth Circuit’s rationale.

all purposes. Whereas the doctrine of *res judicata* reflects concerns about due process and finality, the fee-shifting provision of the Copyright Act promotes different goals. See *Fogerty*, 510 U.S. at 525-527 (noting that the Copyright Act is not intended simply to “maximiz[e] the number of meritorious suits for copyright infringement”). Thus, the way that a dismissal is treated for the purpose of *res judicata* does not determine how it should be treated in the context of the question facing the Court.

Tavory also urges the Court to adopt a position taken by the First Circuit, which recently affirmed a denial of attorneys’ fees to the defendant in a suit for copyright infringement that was dismissed for lack of subject matter jurisdiction because the plaintiff deposited a reconstruction with the Copyright Office. See *Torres-Negron v. J & N Records, LLC*, ___ F.3d ___, 2007 WL 2846117, *11 (Oct. 2, 2007). Since the defendant did not receive a judgment on the merits of the case, the first Circuit ruled, it was not a “prevailing party” in the context of 17 U.S.C. § 505. *Id.* While *Torres-Negron* is a precedent – in fact, it is the only decision on point identified by either party or the Court – it is not persuasive. The opinion’s analysis is cursory, addressing the issue before the Court in a few lines without carefully examining the meaning of “prevailing party.” In fact, the First Circuit’s observation that a dispute over the validity of a deposit copy may implicate the merits of a case, *id.* at 11, supports the Court’s conclusion that its award of attorneys’ fees in *Tavory III* was appropriate.

4.

Those opinions provide the context of the question facing the Court: whether its ruling that Tavory did not validly register his copyright materially altered his legal relationship with NTP, conferring “prevailing party” status on NTP. The elements of a claim of copyright infringement are “(1) ownership of a valid copyright and (2) copying of constituent elements of the work that are original.” *Feist Publ’ns v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). In addition to proving those elements, a party suing for copyright infringement must comply with a “jurisdictional prerequisite”: subject to an exception that does not apply in this case, “no action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title.” 17 U.S.C. § 411(a); see *Xoom, Inc. v. Image-line, Inc.*, 323 F.3d 279, 283 (4th Cir. 2003) (describing 17 U.S.C. § 411(a) as establishing a “jurisdictional prerequisite”). *Tavory II* implicated the merits of Tavory’s claim, as well as that jurisdictional prerequisite: since Tavory deposited a reconstruction with the Copyright Office, he did not successfully register his

claim as required by Title 17, and for that reason, Tavory's copyright was not valid.⁵

Whereas a plaintiff who owns a valid copyright but does not comply with section 411(a) before filing suit can remedy that defect easily – by registering its copyright – the problem with Tavory's claim could not⁶ be remedied, because (as he acknowledged) he does not have an acceptable copy of the push software. So, even though the Court framed its analysis in *Tavory II* in terms of section 411(a), its ruling demonstrates clearly that Tavory's claim of copyright infringement could not have succeeded on its merits.

For that reason, *Tavory II* differs from some other types of dismissals for lack of subject matter jurisdiction. If a court dismisses an action because it lacks diversity jurisdiction, its ruling does not preclude a state court from resolving the action on its merits. *See, e.g., Palmer v. City Nat'l Bank of W. Va.*, 498 F.3d 236, 239-40 (4th Cir. Aug. 16, 2007). Or, if a

⁵ *Tavory II* does not represent an exercise of "hypothetical jurisdiction." *See Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 94 (1998). Since a single finding by the Court addressed Tavory's compliance with section 411(a) and implicated the merits of his claim, the Court did not illegitimately rule on the merits of Tavory's claim *after* finding that it lacked subject matter jurisdiction.

⁶ Even if in the future Tavory secures a valid copyright on the push software, any claim of copyright infringement that he brought on the basis of that copyright would be distinct from the claim decided in *Tavory II*. With respect to that claim, the Court's ruling materially altered the parties' relationship.

court dismisses a claim because it is not yet ripe, the claim may be justiciable at a later time. See, e.g., *Jackson v. Jackson*, 857 F.2d 951, 956 n.1 (4th Cir. 1988). Or, if a plaintiff seeks judicial relief before exhausting a primary administrative remedy, a ruling dismissing the suit does not preclude a court from exercising jurisdiction over the suit after the plaintiff complies with the proper procedure. See *Mardirossian v. Paul Revere Life Ins. Co.*, 286 F.3d 733, 735 (4th Cir. 2002). Or, in the Fourth Circuit, if a plaintiff sues an entity that enjoys sovereign immunity from suit, the defendant may agree to waive its immunity at some time in the future, permitting the plaintiff to proceed. See, e.g., *Constantine v. Rectors & Visitors of George Mason Univ.*, 411 F.3d 474, 480-81 (4th Cir. 2005) (stating that the Eleventh Amendment limits federal courts' subject matter jurisdiction); *Abril v. Virginia*, 145 F.3d 182, 184 (4th Cir. 1998) (treating a dismissal on Eleventh Amendment grounds as a dismissal for lack of subject matter jurisdiction).

Not every ground for dismissing a claim for lack of subject matter jurisdiction fits this model, but in general a dismissal for lack of subject matter jurisdiction postpones an adjudication of the parties' legal relationship, rather than materially affecting it. As the Seventh Circuit observed, "[s]ometimes victory on a jurisdictional point merely prolongs litigation. A defendant may persuade the court that the plaintiff has sued too soon, or in the wrong court, or failed to jump through a procedural hoop. Then the dispute will continue later, or elsewhere, and it remains to be

seen who will prevail." *Citizens for a Better Env't*, 230 F.3d at 929-30.

In contrast, the import of *Tavory II* is that no court will ever judge the merits of Tavory's claim for copyright infringement. *Tavory* does not reflect a judgment about *which* court should hear his claims, or *when*, but a conclusion that Tavory's claim was inherently weak. The Court's ruling established that NTP does not have to pay damages to Tavory or change its behavior – the best outcome for which NTP could have hoped. *Cf. id.* at 929. For NTP, *Tavory II* was "a triumph in the war, not just in a battle or even a campaign." *Id.* at 930. Since the Court's ruling materially altered the legal relationship of Tavory and NTP, resolving their dispute in a way that bears the Court's clear imprimatur, NTP clearly "prevailed."

Treating *Tavory II* as addressing only the Court's subject matter jurisdiction, as Tavory suggests,⁷ would imply that *any* claim of copyright infringement decided on the ground that the copyright at issue was

⁷ Tavory's argument that a court that lacks subject matter jurisdiction "may not proceed to adjudicate the merits of any aspect of the claim" is also undermined by 28 U.S.C. § 1447(c), which provides in part that in a case removed to federal court, "[i]f at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded. An order remanding the case may require payment of just costs and any actual expenses, including attorney fees, incurred as a result of the removal." While section 1447(c) clearly does not govern this matter, it refutes the general proposition that Tavory urges on the Court.

invalid would also implicate section 411(a) – since the copyright would not have been validly registered before the suit was filed. Stated differently, Tavory’s position blurs the distinction between a claim of copyright infringement that does not succeed because it lacks merit and one that cannot succeed because it is brought in a court without jurisdiction. While a single finding may in some cases implicate both the merits of a claim and a jurisdictional prerequisite for litigating the claim, as in *Tavory II*, the Court declines to conflate the two issues in principle.

Moreover, the Court’s characterization of *Tavory II* is consistent with the Supreme Court’s discussion of the proper use of “jurisdiction” in *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 511 (2006). In *Arbaugh*, the Court held that the provision of Title VII defining an “employer” as an entity employing at least fifteen people should be classified as an element of a plaintiff’s case, not a condition that must be satisfied for a court to exercise jurisdiction over the plaintiff’s claim. *Id.* at 516. Unless Congress specifies that a limit on the scope of a statute affects courts’ jurisdiction, the Court continued, the statute should not be treated as jurisdictional. *Id.* The section of the Copyright Act establishing that an applicant for a copyright must deposit a copy of his work with the Copyright

Office does not specify that the requirement is jurisdictional.⁸ See 17 U.S.C. § 408. Thus, the validity of a copy deposited with the Copyright Office in accordance with section 408 is in effect an element of a claim of copyright infringement, not a condition of a court's power to hear that claim. In light of *Arbaugh*, this Court's finding that Tavory failed to comply with section 408 does not deprive the Court of the power to award NTP its attorneys' fees.⁹

⁸ Whereas section 411 does affect courts' jurisdiction over claims of copyright infringement, it is the fact that an applicant for a copyright follows the procedures prescribed in Title 17 – not the ultimate validity of a certificate of copyright issued as a result – that confers jurisdiction. *Cf. Macklin v. Mueck*, 373 F. Supp. 2d 1334, 1336 (S.D. Fla. 2005) (exercising jurisdiction over a claim for copyright infringement by a plaintiff who produced a certificate of copyright registration at the outset of his suit, even though the copyright was cancelled while the suit was pending).

⁹ Moreover, in *Arbaugh*, the Court observed that many courts have not meticulously differentiated questions of subject matter jurisdiction from those involving a “threshold fact.” *Id.* at 511. The Court criticized opinions that fail to address that distinction as “unrefined,” calling them “‘drive-by jurisdictional rulings’ that should be accorded no precedential effect on the question whether the federal court had authority to adjudicate the claim in suit.” *Id.* Given that statement, to the extent that *Tavory II* does not explicitly analyze whether Tavory's failure to deposit a suitable copy with the Copyright Office affects the Court's jurisdiction or a threshold fact bearing on the merits of his claim, *Tavory II* does not control the Court's analysis of whether it properly awarded NTP its attorneys' fees.

5.

The Court notes that awarding attorneys' fees to NTP is necessary to promote the purposes of the Copyright Act. Adopting Tavory's position would allow a party to litigate a relatively weak claim – one that is not based on a valid copyright – without having to pay its adversary's attorneys' fees. Yet a party with a stronger claim, one that is based on a valid copyright but fails for another reason, would be liable for paying those fees. Adopting that rule might even create an incentive for a litigious person to apply for a copyright – knowing that ultimately it might be invalidated, but taking advantage of the fact that the Copyright Office does not evaluate the “basic validity” of a copyright claim before issuing a certificate, see H.R. Rep. No. 94-1476, at 157 (1976), as reprinted in 1976 U.S.C.C.A.N. 5659, 5773 – for the sole purpose of filing suit. Shifting the burden of paying an adversary's attorneys' fees to the owner of a valid copyright because it cannot prove a logically subsequent element of a claim of infringement, while allowing a party who does not own a valid copyright to litigate without having to bear that burden, would upset the balance of interests embodied by the Copyright Act.

Finally, if considerations of equity are relevant, they favor awarding NTP its attorneys' fees. See *Shaw v. Hunt*, 154 F.3d 161, 167-68 (4th Cir. 1998) (awarding attorneys' fees to intervening parties who lacked standing partly on the basis of “special circumstances”). Tavory's evasive answers to NTP's discovery requests concealed the fact that his copyright was

invalid, prolonging this litigation by several months and forcing NTP to spend a considerable sum defending itself – most of which NTP must pay. Although Tavory suggests that the question of whether his deposit copy was a reconstruction is a novel and difficult one, *see* Pl.'s Reply Mem. at 5, he did not defend his position candidly by providing the Court with the information it needed to evaluate and resolve his argument, including information that bears on the issue facing the Court now. Had Tavory acknowledged that his copyright was based on a reconstruction, the Court could have decided his claim of copyright infringement more quickly, reducing the cost of this litigation for both parties and saving judicial resources.

For the reasons stated, Tavory's Motion shall be DENIED.

/s/ James R. Spencer
CHIEF UNITED STATES
DISTRICT JUDGE

ENTERED this 3rd day of December 2007

United States Court of Appeals, Federal Circuit.

Oren **TAVORY**, Plaintiff-Appellant,

v.

NTP, INC., Defendant-Appellee.

No. 2007-1527.

Oct. 27, 2008.

Appeal from the United States District Court for the Eastern District of Virginia in case no. 3:06-CV-628, Chief Judge James R. Spencer.

G. Donovan Conwell, Jr., Conwell Kirkpatrick, P.A., of Tampa, FL, argued for plaintiff-appellant.

Kevin P. Anderson, Wiley Rein LLP, of Washington, D.C., argued for defendant-appellee. With him on the brief was James H. Wallace, Jr.

Before MICHEL, Chief Judge, NEWMAN and BRYSON, Circuit Judges.

Opinion for the court filed by MICHEL, Chief Judge.

Plaintiff-Appellant Oren Tavory appeals from the grant of summary judgment in favor of Defendant-Appellee NTP, Inc., on his claim for correction of inventorship of U.S. Patent Nos. 5,436,960; 5,438,611; 5,625,670; 5,631,946; 5,819,172; 6,076,451; and 6,317,592 (collectively, "patents-in-suit").¹ Tavory also

¹ The district court also granted summary judgment on Tavory's copyright infringement claim. Tavory does not appeal that portion of the district court's judgment.

appeals the district court's dismissal of his state law unjust enrichment claim, and its denial of leave to amend the complaint to add a claim for "federal equitable relief."

We *affirm* the grant of summary judgment because Tavory failed to raise a genuine issue of material fact as to his alleged contribution to the conception of the inventions claimed in the patents-in-suit. We also *affirm* the district court's dismissal of Tavory's unjust enrichment claim because it is preempted by 35 U.S.C. § 262. Finally, we *affirm* the district court's denial of leave to amend the complaint because the court did not abuse its discretion in holding that Tavory's "federal equitable relief" claim was duplicative of his already-pled claims and thus futile.

I. BACKGROUND

The facts of this case are related to those in *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed.Cir. 2005) ("RIM litigation"). In late 1989, Tavory was hired as a consultant by Telefind, a small telecommunications start-up based in Florida that was engaged in the operation of a nationwide paging network. Tavory was an experienced computer programmer, particularly in the UNIX operating system environment. At that time, Tom Campana was an executive at Telefind but was also the president of ESA, a small engineering consulting firm based in

Chicago. ESA had a close working relationship with Telefind at all times relevant to this appeal.

Telefind employees used an internal e-mail system in 1990. This e-mail system was not connected to the Internet, as it existed at the time, but operated entirely on an internal computer network. Telefind also issued its employees pagers. Prior to 1990, these pagers were only used to receive traditional phone number pages. In early 1990, Telefind employees began to use a new capability wherein they could address e-mails from their usual computer e-mail programs to pagers as well as other computers. When such an e-mail was sent, the recipient pager would beep and receive the e-mail automatically without any action from the user. The e-mail would be displayed serially across the single-line display of the pager.

According to former Telefind employees, Tavory was generally considered at Telefind to be the person who had created the computer program that provided this new e-mail-to-pager functionality. He demonstrated the first such e-mails to colleagues at Telefind, and the President of Telefind, Andy Andros, publicly acknowledged Tavory's work at a Telefind staff meeting in early 1990.

Also in 1990, Campana and others at Telefind became involved in an effort to secure new investment from AT & T. These efforts resulted in a development project wherein Telefind and ESA worked to create a system for AT & T to take e-mail from a

conventional e-mail system, transmit it wirelessly to a pager via the Telefind network, and then transfer the e-mail from the pager to a laptop computer. Tavory was involved as a programmer for this project, as were Mike Ponschke and Gary Thelen, two programmers at ESA. The project team was able to create a working system before November 1990 when Campana demonstrated it at a large trade show to much acclaim.

Nevertheless, Telefind ran out of funds in 1991 and began to collapse. Tavory thus left Telefind. Meanwhile, Campana and Telefind's attorney, Donald Stout, formed NTP in early 1991. In May 1991, Stout filed a patent application on behalf of Campana generally claiming the system Telefind and ESA had developed during the AT & T project. Campana, Ponschke, and Thelen were listed as co-inventors. Among other things, Stout appended a copy of code Tavory helped write for the AT & T project to the application. Ultimately, this patent application resulted in all of the patents at issue in this appeal.

In November 2001, NTP filed suit against Research in Motion, Ltd. ("RIM") accusing RIM's Blackberry systems of infringing the same patents at issue here. *See NTP, Inc.*, 418 F.3d at 1287, 1290 (Fed.Cir. 2005). As part of that litigation, in 2002, Tavory was deposed as a witness for NTP. He did not make any claim of inventorship at his deposition. NTP won a jury verdict awarding over \$50 million in

damages, and the district court awarded a permanent injunction, which it stayed pending appeal.² On appeal, this court affirmed-in-part, reversed-in-part, vacated-in-part, and remanded. *Id.* at 1287. RIM elected to settle and agreed to take a license to resolve all past and future infringement. The settlement paid NTP \$612.5 million. Campana died prior to the settlement.

In September 2006, less than a year after the RIM settlement, Tavory filed the present suit claiming: (1) correction of inventorship to add Tavory as a co-inventor to each of the patents at issue, (2) copyright infringement, and (3) unjust enrichment. NTP moved to dismiss the copyright and unjust enrichment claims. On December 26, 2006, the district court dismissed the state law unjust enrichment claim as preempted by both federal patent and copyright law. Tavory soon thereafter moved for leave to amend his complaint to add a claim for "federal equitable relief," but the district court denied leave on March 6, 2007, on futility grounds. After the close of discovery, NTP moved for summary judgment as to the inventorship and copyright claims. The district court granted summary judgment, holding that (1) it lacked subject matter jurisdiction over the copyright infringement claim because Tavory obtained his copyright registration using a facially inadequate copy of his software,

² The RIM litigation was decided prior to the Supreme Court's decision in *eBay Inc. v. MercExchange L.L.C.*, 547 U.S. 388, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006).

thus rendering the registration invalid; (2) in the alternative, NTP was entitled to judgment on the copyright claim under the doctrines of equitable estoppel, judicial estoppel, laches, and fair use; and (3) Tavory had failed to present sufficient independent evidence to corroborate his inventorship allegations. *Tavory v. NTP, Inc.*, 495 F.Supp.2d 531 (E.D.Va. 2007). Tavory then timely filed this appeal.³ We have jurisdiction under 28 U.S.C. § 1295(a)(1).

II. DISCUSSION

A. Inventorship

The district court granted summary judgment rejecting Tavory's inventorship claim, holding that Tavory had failed to adduce sufficient independent evidence corroborating his own testimony that he was a co-inventor of the patents-in-suit to raise a genuine issue of material fact. We review a district court's grant of summary judgment de novo. *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1323 (Fed.Cir. 2002).

A patent is presumed to name the correct inventors, thus a putative unnamed co-inventor must prove his inventorship by clear and convincing evidence. *Hess v. Adv. Cardiovascular Sys., Inc.*, 106 F.3d 976,

³ The district court subsequently awarded attorneys' fees to NTP under 17 U.S.C. § 505. *Tavory v. NTP, Inc.*, 2007 WL 2965048 (E.D.Va. 2007). Tavory separately appealed the fees award to this court, now pending as Appeal No. 2008-1090.

980 (Fed.Cir. 1997). The “touchstone” of inventorship is conception, which requires a “definite and permanent idea of the complete and operative invention.” *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed.Cir. 1994) (quoting *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (Fed.Cir. 1986)). A co-inventor must prove he contributed to this conception of the claimed invention. *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1460 (Fed.Cir. 1998). The contribution must be more than simply the exercise of ordinary skill in the art. *Id.* Simply reducing to practice that which has been conceived by others is insufficient for co-inventorship. *Id.*

However, a co-inventor need not contribute to the conception of every claim of a patent; a single claim is sufficient. 35 U.S.C. § 116; *Ethicon*, 135 F.3d at 1460. And he need not “make the same type or amount of contribution” as the other co-inventors. 35 U.S.C. § 116; *Gemstar-TV Guide Int’l, Inc. v. Int’l Trade Comm’n*, 383 F.3d 1352, 1381 (Fed.Cir. 2004). As a result, no individual co-inventor need have a “definite and permanent idea of the complete and operative invention” so long as all of the co-inventors collectively satisfy that requirement. See 35 U.S.C. § 116; *Gemstar*, 383 F.3d at 1381; *Burroughs*, 40 F.3d at 1228.

A co-inventor’s own statements are inadequate to prove conception as a matter of law and thus must be corroborated by independent evidence. *Ethicon*, 135 F.3d at 1461. This evidence can be in the form of

contemporaneous documents or the oral testimony of an independent witness. *Id.*; *Gemstar*, 383 F.3d at 1382. The evidence must establish that the inventor(s) made a "contemporaneous disclosure that would enable one skilled in the art to make the invention." *Burroughs*, 40 F.3d at 1228. In the co-inventor context, the contemporaneous disclosure must enable a skilled artisan to practice the portion of the invention that the co-inventor contributed.

Here, Tavory alleges that he conceived of an "interface switch," a claim limitation in multiple claims of each patent-in-suit. The district court construed this claim term in the RIM litigation as "a device or system, which includes a processor, that transmits electronic mail messages to a wireless system for delivery to a mobile processor," and the parties here do not dispute that this is the correct construction of the term. *See* J.A. at 1531. Tavory argues that he wrote the software disclosed in the patents that serves as the interface switch. It is undisputed that the interface switch is a vital component of the invention claimed in the patents-in-suit. The question, however, is (1) whether conception of the interface switch was more than just the exercise of ordinary skill, and (2) whether Tavory produced sufficient evidence to raise a triable issue as to whether he did, in fact, conceive of the interface switch that is part of the claimed invention.

We conclude that Tavory failed to demonstrate that his activities relating to the interface switch involved anything more than just the exercise of

ordinary skill. Tavory first argues that the combination of his interface switch with a prior art RF network and e-mail system was the key to the claimed invention. Even assuming this is true, however, Tavory has not established that the interface switch itself was not in the prior art. An invention may be novel and non-obvious as a whole and yet be a combination of elements that are all individually well-known in the prior art by skilled artisans.

Tavory does, in a single sentence, aver that "the interface switch is not prior art," but he relies solely on the declaration of a patent attorney who is not a person of ordinary skill in the art.⁴ See Appellant's Br. at 6 (citing J.A. at 964-66). While he proffered the declaration of a technical expert to the district court, that expert only discusses why the interface switch is the most important component of the claimed invention and never states that it is novel or non-obvious. Therefore, because Tavory has not provided any competent evidence that his alleged contribution to the claimed invention – the interface switch – was the

⁴ The affiant, James T. Beran of Richmond, states that he is an experienced patent prosecutor and a former patent examiner in the area of computer software. While he does state that he has a master's degree in electrical engineering and took coursework in computer programming, he does not claim to be a person of ordinary skill in the art and only claims knowledge relating to patent prosecution. His opinion that the interface switch is not in the prior art is based solely on his interpretation of the language of the patents themselves in light of patent drafting conventions.

result of anything more than the exercise of ordinary skill in the art, he has failed to establish co-inventorship.

We also conclude that Tavory failed to provide sufficient corroborating evidence that he *conceived* of the interface switch. It is undisputed that he wrote the source code appended to the eventual patent application as an embodiment of the interface switch. Thus, he clearly contributed significantly to the reduction of the claimed invention to practice by reducing the interface switch to practice. However, he must prove *conception* of the interface switch to be a co-inventor, and thus he must demonstrate that he made a contemporaneous enabling disclosure. See *Burroughs*, 40 F.3d at 1228. He indisputably lacks any contemporaneous documents evidencing such a disclosure and relies instead on the testimony and declarations of various witnesses.

These witnesses generally testify that in early 1990, Telefind employees (including some of the witnesses) were able to send e-mail from their desktop computers to their and other employees' pagers such that the pagers received the email messages automatically without any action from the pager

owners.⁵ They further testified that it was generally known in the company, and the company's president, Andrew Andros, specifically informed them, that Tavory wrote a computer program that provided this capability. Many of them testified that their first experience with this capability was at a luncheon where Tavory's pager automatically received an alphanumeric message that he claimed came from Telefind's e-mail system. Some witnesses testified that Tavory earlier told them of his intention to create such a program. Ponschke and Thelen of ESA testified that Tavory and Telefind were responsible for creating a program to send e-mail messages from the e-mail system to the Telefind pager network.

However, no witness saw Tavory creating the program, and none testified as to any technical details either learned from Tavory or seen first-hand. No one testified about ever seeing Tavory's code, and no contemporaneous copy of the code or documentary evidence of the program is in the record. Moreover, no testimony or any other record evidence indicates whether the contemporaneous information testified to

⁵ NTP insinuates that these Telefind devices were not used with "e-mail messages" but rather a proprietary system called "MessageWriter" that translated text into audible tones sent through a normal telephone handset. At least some of Tavory's witnesses clearly testified, however, that the messages were "e-mail" sent from a *computer terminal* (and not a telephone-based device like Message Writer). See, e.g., J.A. at 816, 825. In any event, for the purpose of summary judgment, we cannot accept NTP's view of these facts.

by Tavory's witnesses would enable a person of ordinary skill in the art to create a program like the one Tavory allegedly created. Thus, the testimony Tavory relies on fails to raise a genuine issue of *material* fact because they do not bear on *conception* and do not indicate Tavory ever made a contemporaneous enabling disclosure.

Tavory argues that he need not establish an enabling disclosure because he established that he "reduced to practice" his interface switch. He relies on *Pfaff v. Wells Electronics, Inc.* for the rule that reduction to practice, if proven, also establishes conception. 525 U.S. 55, 66, 119 S.Ct. 304, 142 L.Ed.2d 261 (1998). That and other comparable cases, however, involve reduction to practice of the *entire* invention. As noted earlier, components of an invention may themselves be entirely in the prior art so reducing such a component to practice is not evidence of any inventive conception. And in the context of an alleged unnamed co-inventor, the requirement that his contribution be more than the exercise of ordinary skill means that he cannot prove such a contribution by only showing activities amounting to reduction to practice because reduction to practice by definition is merely the exercise of ordinary skill. See *Burroughs*, 40 F.3d at 1228 ("Conception is complete only when the idea is so clearly defined in the inventor's mind that *only ordinary skill would be necessary to reduce the invention to practice*, without extensive research or experimentation.") (emphasis added).

Tavory also argues that none of the named inventors had any UNIX programming abilities and thus he must have been a co-inventor because Telefind's server was a UNIX machine. However, inventors are not required to have known how to reduce their conceived inventions to practice to establish conception. Thus, Campana's lack of programming savvy and Tavory's UNIX expertise may establish that Tavory was instrumental in reduction to practice, but they are irrelevant here to conception.⁶ And any defects in Campana's conception or inventorship, which Tavory argues at length, are not relevant here where Tavory did not plead any challenge to the named inventors' inventorship. In other words, even if Campana and his co-inventors did not conceive of the invention, that fact alone does not prove that Tavory did conceive of the interface switch.

Therefore, we conclude that Tavory failed to establish a genuine issue of material fact as to his inventorship of the patents-in-suit. As a result, we affirm the district court's grant of summary judgment as to Tavory's correction of inventorship claim.

⁶ Such circumstances *could* have been probative of conception if, for example, the claims of the patents-in-suit specifically required UNIX programming or limitations specific to UNIX servers. But no claim recites any such limitation here.

B. Unjust Enrichment

We next turn to Tavory's contention that the district court erred in dismissing his state law unjust enrichment claim for failure to state a claim upon which relief can be granted. *See* Fed.R.Civ.P. 12(b)(6). The district court held that his unjust enrichment claim is preempted by federal patent law.⁷ We review the grant of a motion to dismiss without deference. *Adv. Cardiovascular Sys., Inc. v. Scimed Life Sys., Inc.*, 988 F.2d 1157, 1160 (Fed.Cir. 1993). Dismissal is only proper when, based on the pleadings, "it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." *Conley v. Gibson*, 355 U.S. 41, 45-46, 78 S.Ct. 99, 2 L.Ed.2d 80 (1957). All factual disputes must be resolved, and all reasonable inferences drawn, in favor of the non-movant. *Adv. Cardiovascular Sys.*, 988 F.2d at 1160-61.

Federal Circuit law governs whether federal patent law preempts a state law claim, a question we review de novo. *Ultra-Precision Mfg., Ltd. v. Ford Motor Co.*, 411 F.3d 1369, 1376 (Fed.Cir. 2005). An unjust enrichment claim is preempted by federal patent law when it conflicts with "the accomplishment and

⁷ The district court alternatively held that the unjust enrichment claim is preempted by federal copyright law. We need not reach this holding because we affirm the district court's holding that the claim is preempted by federal patent law. We also do not reach NTP's argument that the claim is barred by Virginia's statute of limitations.

execution of the full purposes and objectives of Congress." *Id.* at 1377 (quoting *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262, 99 S.Ct. 1096, 59 L.Ed.2d 296 (1979)).

Tavory's complaint alleges that NTP "has received substantial and valuable benefits from Tavory in the form of royalties, payments or other compensation for the use of Tavory's wireless email invention and of [Tavory's] Push Software," and that "it would be inequitable and unjust for Defendant, NTP, to retain the benefit of the use of the Tavory invention and the Tavory Push Software without payment to Tavory for the fair value of such use." J.A. at 51. As is clear from the complaint, Tavory's allegations only concern NTP's activities regarding the patents-in-suit, and the complaint does not allege any other uses of his "wireless email invention" or "Push Software" by NTP. See J.A. at 44-45 (Tavory's complaint alleging that NTP's patents incorporate his "wireless email invention" and "Push Software" and that he "contributed to the conception of the inventions reflected" in the patents-in-suit). These activities would include, Tavory asserts, the license agreement and related payments received by NTP in its settlement with RIM in the RIM litigation. Thus, Tavory's unjust enrichment claim essentially seeks his share of monies received by NTP from the licensing and enforcement of the patents-in-suit, such as those from the RIM settlement, which he is allegedly entitled to due to his contribution to the conception of the invention

claimed in those patents, i.e., because he is the co-inventor of those patents.

Under 35 U.S.C. § 262, a patent's co-owner may "make, use, offer to sell, or sell the patented invention" without the consent of the other co-owners and without accounting to the co-owners. We have held that licensing is also covered by § 262. *Univ. of Colo. Found., Inc. v. Am. Cyanamid Co.*, 196 F.3d 1366, 1373 (Fed.Cir. 1999) ("*Cyanamid IV*"). Thus, any of the co-owners of the patents-in-suits may license the patents-in-suit without obtaining the approval of, or accounting to, the other co-owners. As a result, even if we accept for the purpose of reviewing the Rule 12(b)(6) dismissal Tavory's contention that he is a co-inventor of the patents-in-suit, he would still not be entitled, under § 262, to any portion of the revenues from NTP's licensing activities since it is undisputed that NTP is the legitimate assignee of Campana's interests in the patents-in-suit. Tavory cannot side-step § 262 through a state law unjust enrichment claim; such a claim is preempted because it "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress" in enacting § 262, as the district court correctly held.

Tavory argues that *Cyanamid IV* and *University of Colorado Foundation, Inc. v. American Cyanamid Co.*, 342 F.3d 1298 (Fed.Cir. 2003) ("*Cyanamid VI*"), support his argument that his unjust enrichment claim is not preempted. In these *Cyanamid* cases, scientists at the University of Colorado conceived of certain pharmaceutical formulations of prenatal

vitamins that increased the absorption of iron far beyond existing vitamins. *Cyanamid VI*, 342 F.3d at 1301-02. Although their research was prompted by a request from Cyanamid, the conception of the formulations was entirely by these scientists alone. *Id.* at 1304. The scientists provided Cyanamid with a confidential copy of a manuscript they intended to publish; Cyanamid then filed a patent application on the scientists' formulations claiming its own employee as the sole inventor and even copying verbatim from the manuscript. *Id.* at 1303. The scientists filed suit and pled unjust enrichment based on their allegation that Cyanamid's patent was obtained unfairly from the scientists' confidential disclosure. We held this claim was not preempted by federal patent law because it sought restitution for unfair use of confidential information, not any patent-like protection over an unpatentable or publicly-available technology. *Id.* at 1306-07. In other words, the scientists were not seeking any patent-like remedy; rather, they sought to deprive Cyanamid of an unfair benefit it gained by breaching the scientists' confidence.

Tavory argues that he alleged in his complaint that he provided his software to Campana in confidence. However, unlike in *Cyanamid*, whether or not a breach of confidence occurred has no real bearing on Tavory's claim. In *Cyanamid*, Cyanamid's alleged breach of confidence resulted in a fraudulently-obtained patent they did not deserve. Thus, whether a confidential relationship existed – in fact, we likened it to an implied contract for non-disclosure – was central to the

unjust enrichment claim. *Cyanamid VI*, 342 F.3d at 1306. Here, Tavory did not allege in his complaint that the named inventors should not have received the patents or that they were not in fact inventors of the claimed invention. Thus, whether Campana breached any confidences owed to Tavory to obtain the patents-in-suit is inapposite. Rather than seeking to deprive NTP of an ill-gotten benefit, Tavory seeks to have his alleged fair share of the benefit and acknowledges that the named inventors also deserve a share. This type of unjust enrichment claim is precisely what we held was preempted by federal patent law in *Ultra-Precision*. There, we noted that *Ultra-Precision* could not claim that Ford had received the type of unfair benefit as in the *Cyanamid* cases because *Ultra-Precision* only claimed co-inventorship in Ford's patent, and "Ford's ability to use the invention claimed in the '312 patent is unencumbered by the existence of any co-inventors [under 35 U.S.C. § 262]." *Ultra-Precision*, 411 F.3d at 1381.

Tavory also argues that § 262 does not apply here because (1) he is a co-inventor but *not* a co-owner, and (2) § 262 does not apply to "resolv[ing] infringement litigation," i.e., the RIM settlement. Appellant's Br. at 43-47. The former argument is meritless because Tavory has not alleged that he ever assigned or transferred his ownership interest in the patents at issue (if any). Therefore, if he is adjudged to be a co-inventor, he is also by definition a co-owner. Tavory's latter argument, at least with regard to the RIM

settlement, fails because the RIM settlement agreement was a license, and as already noted, licensing by co-inventors is covered by § 262. See *Cyanamid IV*, 196 F.3d at 1373. But even if it had been an award of damages by the court, and to the extent Tavory also seeks compensation relating to other litigation awards NTP may have received, Tavory's claim to a portion of such awards is also entirely dependent on whether he is a co-owner. A patent infringement suit must join all of the co-owners for standing purposes. *Ethicon*, 135 F.3d at 1467. Thus, Tavory's entitlement here to a portion of any benefits from the enforcement of the patents-in-suit in patent infringement actions stems solely from his entitlement to being joined as a co-owner. Here, since Tavory's status as a co-owner depends entirely on whether he was a co-inventor,⁸ the dispositive issue is Tavory's alleged co-inventorship, which is governed exclusively by federal patent law. See *Cyanamid IV*, 196 F.3d at 1372. Therefore, we affirm the district court's dismissal of Tavory's unjust enrichment claim as preempted by federal patent law.

⁸ If, however, Tavory's co-ownership did not depend on resolving inventorship or any other issue governed exclusively by federal law, his unjust enrichment claim may not be preempted because ownership, as distinct from inventorship, is generally governed by state law. See *Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1572 (Fed.Cir. 1997).

C. "Federal Equitable Relief"

Finally, we address Tavory's argument that the district court erred in denying him leave to amend his complaint to add a claim for "federal equitable relief." We apply the law of the regional circuit in reviewing denials of leave to amend a pleading. *Ferguson Beauregard/Logic Controls, Div. of Dover Res., Inc. v. Mega Sys. LLC*, 350 F.3d 1327, 1342 (Fed.Cir. 2003). Here, we review the district court's denial of leave to amend a pleading for an abuse of discretion. *Edwards v. City of Goldsboro*, 178 F.3d 231, 242 (4th Cir. 1999). Leave to amend may properly be denied where the amendment would be futile. See *Johnson v. Oroweat Foods Co.*, 785 F.2d 503, 509 (4th Cir. 1986). The district court held that amending a complaint with a new claim that could not withstand a motion to dismiss under Rule 12(b)(6) would be futile. See *Schmidling v. City of Chicago*, 1 F.3d 494, 501 (7th Cir. 1993). We agree, and Tavory does not seriously challenge this view.

Tavory argues in large part that the district court erred in denying him leave to amend by relying on the same reasoning for its dismissal of Tavory's unjust enrichment claim, which Tavory argues was also wrong. As already discussed, that decision was correct. Thus, to the extent Tavory's vague claim for "federal equitable relief" is just a purported federal version of his state law unjust enrichment claim, the district court correctly held it was futile to add it to the complaint.

Tavory next relies on *Cyanamid IV* as supposedly recognizing a "federal equitable relief" cause of action. But nowhere in that decision do we do so; we note that the district court considered equitable claims (such as unjust enrichment), and certainly the equitable remedy of correction of inventorship was at issue, but we vacated all of the district court's patent-related decisions as based on an erroneous determination of inventorship (i.e., because it was decided under state law rather than federal law). *Cyanamid IV*, 196 F.3d at 1376. To the extent Tavory is arguing that his "federal equitable relief" claim seeks the correction of the patents to list him as a co-inventor, the district court clearly did not abuse its discretion by denying leave to add such a duplicative claim.

Lastly, Tavory relies on *Arachnid, Inc. v. Merit Industries, Inc.*, 939 F.2d 1574 (Fed.Cir. 1991). There, we held that the plaintiff could not sue the infringer for damages because, during the entire period of infringement, plaintiff held equitable title but not legal title. *Id.* at 1579-80. Initially, the legal title holder of the patent at issue entered into an agreement to assign ownership of future inventions to the plaintiff. *Id.* at 1580-81. The legal owner later executed an actual assignment of ownership to the plaintiff of a patent to such an invention, but he was not assigned the right to sue for past infringement. *Id.* at 1576. Thus, we held that the patentee could still sue for past infringement but could only be granted equitable relief. *Id.* at 1579-80. This case is inapposite here. Tavory is not suing for infringement

and is not seeking equitable relief for infringement. If he was adjudicated to be a co-inventor he would assume legal title retroactive to issuance because he has never assigned his ownership interests in the patents-in-suit, if any. Thus, Tavory would never have held equitable title but not legal title. And *Arachnid* certainly does not support a vague cause of action for unspecified "federal equitable relief." Therefore, the district court did not abuse its discretion by denying leave to amend the complaint.

CONCLUSION

For the reasons provided above, the judgment is affirmed.

NEWMAN, Circuit Judge, concurs in the result. NEWMAN, Circuit Judge, concurring in the judgment. I too would dismiss Mr. Tavory's claims. I would dismiss on either of two grounds: first, for laches, for no error has been shown in the district court's finding that "[t]he Plaintiff's delay in asserting his authorship has been excessive and unreasonable," *Tavory v. NTP, Inc.*, 495 F.Supp.2d 531, 537 (E.D.Va. 2007); and second, on the ground of estoppel by silence when there was a clear duty to speak, for during Mr. Tavory's participation in the litigation between NTP and Research in Motion on these patents, he did not mention the possibility of his joint inventorship. As the district court observed, starting with Mr. Tavory's deposition in 2002 and throughout

that litigation, from trial to appeal to remand to settlement, Mr. Tavory did not state that he was the creator of "the key to the invention," as he now states. The district court observed that "the first time that Tavory claimed to be the author of the source code was in 2006, after Mr. Campana [the principal named inventor] had passed away, and after a healthy settlement between NTP and Research In Motion had been reached." *Tavory*, 495 F.Supp.2d at 537 n. 4.

Mr. Tavory does not dispute these facts. His explanation, that no one asked him if he was a joint inventor, does not excuse this silence, in the circumstances of his knowledge of and participation in the litigation. The undisputed facts evoke *prima facie* laches and estoppel, which have not been rebutted. On this ground, I concur in the dismissal.

This court, in finding that Mr. Tavory is not a joint inventor, propounds several purported rules of joint inventorship. For example, the majority opinion states that "inventors are not required to have known how to reduce their conceived inventions to practice to establish conception." Maj. op. at 10. That statement is sometimes applicable, but it is far from a general rule. The courts have often held, that "conception and reduction to practice go hand in hand;" that is, on the facts of that case, there is no conception without reduction to practice. See, e.g., *Dow Chem. Co. v. Astro-Valcour, Inc.*, 267 F.3d 1334, 1341 (Fed.Cir. 2001). As another confusing statement, the court bases its inventorship decision on the statement that "[a]n invention may be novel and non-obvious as

a whole and yet be a combination of elements that are all individually well-known in the prior art by skilled artisans." Maj. op. at 7. That statement of law is correct, but we are not told how it negates Mr. Tavory's claim to have contributed a novel element to the claimed invention. Other statements of law are of equally obscure relevance, although their applicability to these facts is suggested.

Whether or not Mr. Tavory should have been or could have been named as a joint inventor, he waited too long to make the claim. That is a sufficient ground of affirmance.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

OREN TAVORY,

Plaintiff,

v.

NTP, INC.,

Defendant.

Civil Action No.:
3:06-CV-628

ORDER

(Filed May 16, 2007)

THIS MATTER comes before the Court on Defendant NTP's Motion for Summary Judgment, filed as Docket Entry No. 85. Upon due consideration, and for reasons that shall be stated in a Memorandum Opinion to follow at a later date, the Defendant's Motion shall be GRANTED. Mr. Tavory's claims against NTP shall be DISMISSED in their entirety. Let the Clerk send a copy of this Order to all counsel of record.

It is SO ORDERED.

/s/ James R. Spencer
CHIEF UNITED STATES
DISTRICT JUDGE

ENTERED this 16th day of May 2007

495 F.Supp.2d 531

United States District Court, E.D. Virginia,
Richmond Division.

Oren **TAVORY**, Plaintiff,

v.

NTP, INC., Defendant.

Civil Action No. 3:06-CV-628.

July 17, 2007.

Dana Duane McDaniel, Joel Christopher Hoppe, Spotts Fain PC, Richmond, VA, G. Wrede Kirkpatrick, George Donovan Conwell, Jr., Conwell Sukhia & Kirkpatrick PA, Tampa, FL, Steven G. Hill, Hill Kertscher & Wharton LLP, Atlanta, GA, for Plaintiff.

Christopher Michael Mills, Wiley Rein LLP, McLean, VA, Gregory Michael Murphy, Maya Miriam Eckstein, Hunton & Williams LLP, Richmond, VA, James Harold Wallace, Jr., John Benedict Wyss, Kevin Paul Anderson, Wiley Rein LLP, Washington, DC, for Defendant.

MEMORANDUM OPINION

JAMES R. SPENCER, Chief Judge.

This matter comes before the Court on Defendant NTP's Motion for Summary Judgment, filed as Docket Entry No. 85, pursuant to Federal Rule of Civil Procedure 56. On September 20, 2006, and in the wake of the notorious and protracted *BlackBerry* litigation, *NTP, Inc. v. Research In Motion*, 3:01-CV-767, Plaintiff Oren Tavory brought this civil action to

be joined as an inventor with respect to six certain patents.¹ Additionally, Counts VII and VIII of the Complaint sought damages for copyright infringement and unjust enrichment, respectively. By Memorandum Opinion & Order dated December 26, 2006, Count VIII was dismissed. (Docket Entry No. 42.) NTP then moved for summary judgment as to the remaining counts, and by Order dated May 16, 2007, that Motion was granted. (Docket Entry No. 105.) This Opinion has been issued to explain that disposition.

I.

In the latter years of the 1980s, Oren Tavory became employed as an independent technical consultant with Telefind, a telecom concern that was then engaged in the operation of a nation-wide paging network. While affiliated with Telefind, the Plaintiff was assigned to a project that purposed to merge portable computing with emerging pager technology. The objective of that project was to create the first commercially viable, wireless-enabled laptop

¹ These patents are referred to in passing as the patents-in-suit, and they are: (1) U.S. Patent No. 5,436,960 ("the '960 patent"); (2) U.S. Patent No. 5,438,611 ("the '611 patent"); (3) U.S. Patent No. 5,625,670 ("the '670 patent"); (4) U.S. Patent No. 5,631,946 ("the '946 patent"); (5) U.S. Patent No. 5,819,172 ("the '172 patent"); and (6) U.S. Patent No. 6,067,451 ("the '451 patent"). The first six counts of the Complaint request that the Plaintiff be joined as an inventor as to each corresponding patent.

computer. Telefind subcontracted with ESA, a manufacturer of electronic hardware components, to assist with construction. The President of ESA was Tom Campana, a gentleman who moonlighted with Telefind as an executive officer. Mr. Campana was involved extensively in the laptop project, as were two of ESA's programmers, Mike Ponschke and Gary Thelen. The Plaintiff came to know these men through that association.

Initially, their work met with some success. Email was effectively sent through Telefind's pager network to destination processors – the pagers, which then transmitted those messages to laptop computers to which they were connected. For reasons that are not relevant to these proceedings, however, the laptop project was abandoned. By early 1991, Telefind had discontinued funding, and Tavory had sought other employment.

At about the same time, Mr. Campana, Mr. Ponschke, and Mr. Thelen filed a joint application with the United States Patent & Trademark Office for what is described as an "electronic mail system." It is the Court's understanding that this system and its associated technology were developed in the course of the laptop project. Eventually, the PTO approved the application and a patent was issued.² Over the coming years, these men would apply for and be granted at least five more patents, each

² This was the '960 patent.

involving electronic mail systems or related technology. Together, these six are the patents-in-suit.

In 1992, Mr. Campana co-founded NTP, a Virginia-based corporation that is principally engaged in the business of holding telecom patents for licensing to third-party manufacturers. It is estimated that NTP's portfolio contains fifty or more active patents. The patents-in-suit are among NTP's holdings.

In 2001, NTP brought an action for infringement against Research In Motion, the manufacturer of the wireless handheld device BlackBerry, with respect to a number of patents that included the patents-in-suit in the instant proceedings. That case was litigated before this Court, and Tavory was deposed in connection with his work at Telefind. In the course of his deposition, the Plaintiff identified portions of source code in the patents-in-suit that he had allegedly authored. At no time, however, did he assert the existence of a copyright in the code, nor did he offer any proof of authorship or ownership.

BlackBerry lingered in the courts for nearly five full years. It was not until the early months of 2006 that a settlement between the parties was reached.³ Mr. Campana never lived to see that day, though; he had passed away two years earlier.

³ NTP settled all infringement claims against Research In Motion for \$612.5 million.

Soon after *BlackBerry's* settlement, Tavory submitted an application for copyright registration as to the portions of the source code he had claimed to author. Then on September 20, 2006, this action for co-inventorship was filed. The Plaintiff's allegations in this matter are twofold. First, that he is the author of the source code that was used to "push" an item of email onto the paging network for delivery. This is referred to periodically as the Push Software. His second allegation is that through neglect or design, his name was omitted from the patent applications. He seeks to be established as the copyright owner of the Push Software, to be recognized as a co-inventor of the patents-in-suit, and damages appertaining to the infringement of those rights.

II.

Summary judgment is appropriate when there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. Fed.R.Civ.P. 56(c). "The plain language of Rule 56(c) mandates the entry of summary judgment . . . against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." *Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). The non-moving party may not rest upon mere allegations or denials contained in his pleadings, but must set forth specific facts showing that there is a genuine issue for trial. Fed.R.Civ.P. 56(e).

The facts of this matter, as well as any reasonable inferences to be drawn from those facts, have been construed in the light more favorable to the non-moving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). "Summary judgment will be granted unless a reasonable jury could return a verdict for the non-moving party on the evidence presented." *Id.* at 247-48, 106 S.Ct. 2505.

III.

The claim before the Court consists in part of an action for direct copyright infringement. To prevail, the copyright holder must prove "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991); *see also ALS Scan, Inc. v. RemarQ Cmty's, Inc.*, 239 F.3d 619 (4th Cir. 2001). There is also a jurisdictional limitation. A copyright must be registered prior to the institution of an action for infringement. 17 U.S.C. § 411(a); *Xoom, Inc. v. Imageline, Inc.*, 323 F.3d 279, 283 (4th Cir. 2003). "[T]o obtain a copyright registration, an applicant must deposit as part of his application a 'copy' or 'copies' of the work." *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1211 (9th Cir. 1998) (citing 17 U.S.C. § 408(b)(1),(2)). Not just any kind of copy will suffice, though; only originals or "bona fide copies" are acceptable. *See Seiler v. Lucasfilm, Ltd.*, 808 F.2d 1316 (9th Cir. 1986); *see also Coles v. Won-*

der, 283 F.3d 798 (6th Cir. 2002); *Geoscan, Inc. v. Geotrace Techs., Inc.*, 226 F.3d 387 (5th Cir. 2000); *Kodadek*, 152 F.3d 1209. A bona fide copy is one that is "virtually identical to the original" and was "produced by directly referring to the original." *Kodadek*, 152 F.3d at 1211. In contrast are "reconstructions," documentary evidence of putative copyrights that are created without reference to original works or bona fide copies. See, e.g., *Seiler*, 808 F.2d 1316 (9th Cir. 1987).

The Copyright Act is wisely disdainful of reconstructions. One need look no further than to *Kodadek*, 152 F.3d 1209 (9th Cir. 1998), for an illustration. In 1993, MTV aired *Beavis and Butt-Head*, an animated series that centered on two Texas teens and their penchant for petty vandalism, music videos, and "chillaxin'." The cartoon was an instant success. Among its viewers was the plaintiff, Kodadek. He claimed that the characters Beavis and Butt-Head were his ideas, that he had conceived their characters in 1991, and that the show's creator, Mike Judge, had stolen his concepts. Kodadek filed for a copyright registration in 1993, and submitted in connection with his application copies of sketches of the characters Beavis and Butt-Head. Not only were these sketches drawn that same year, they were made after Kodadek had seen the show. The plaintiff also backdated his application to indicate that "the year in which his work was created" was 1991. The Copyright Office issued a certificate of registration, and Kodadek followed with an action for infringement

against MTV and Mr. Judge. Summary judgment was entered against the plaintiff, in relevant part for his failure to obtain a valid copyright registration, and affirmed on appeal.

This is precisely the type of fraudulent claim that the Copyright Act seeks to frustrate. In one sense, the deposit requirement serves a gatekeeping function. Effective registration of a copyright is predicated on the submission of some objective indicia of an individual's authorship. In another sense, the requirement serves an evidentiary function. The copies that are submitted in connection with an application for registration then become part of a record by which claims of infringement are tested. The utility of these functions, as well as our confidence in the integrity of the copyright system, breaks down when recollection is tolerated. That is because memories are inherently unreliable. They are susceptible to influence and subject to change. Time is especially corrosive, and the more time that passes, the more our memories fail. These are simple facts of life, and the Copyright Act deals with these facts by not dealing with them at all. For the purpose of the deposit requirement, the degree to which the registrant relied on his memory does not matter. The Copyright Act does not countenance the validity of any deposit copy that was made with even the slightest reference to recollection. *Kodadek*, 152 F.3d 1209; *see also Coles*, 283 F.3d 798 (6th Cir. 2002); *Seiler*, 808 F.2d 1316 (9th Cir. 1987). To hold otherwise would yield a system fraught with fraud and deceit. *Seiler*, 808 F.2d at 1322.

And that is why Tavory's deposit copy is insufficient as a matter of law. It is admitted that no original copies of the source code dating from 1990 remain. The Plaintiff was able to produce his deposit copy only by referring to modified versions of the code and redacting those modifications to the best of his recollection in order to create an "original." Unsurprisingly, when the source code introduced with his copyright application was tested, it failed to perform as the 1990 version of the Push Software had.

Tavory insists that these considerations are irrelevant. It is suggested that a bona fide copy of an original work need not be a carbon copy, and that is true. A copy submitted for deposit is sufficient if it is "virtually identical" to the original; minor errors or discrepancies in the application will generally not avoid registration. *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 486-87 (9th Cir. 2000). Tavory has characterized the differences between the operational and non-operational source codes as "slight," consisting of misspelled words, syntactical errors, or misplaced punctuation marks. The Court is not in a position to assess the veracity of these representations, nor is it inclined to do so at this stage in the proceedings.

The more fundamental infirmity in the Plaintiff's registration arises with respect to his reliance on later versions of the source code. To begin with, it is undisputed that these later versions had evolved from the content of the original, picking up a number of additions along the way. The Plaintiff claims to

have redacted these additions as he drafted the deposit copy of his registration, leaving only code that he had authored in 1990. Such redaction was not performed with reference to some other document, but solely from the Plaintiff's recollection. Certainly, "[o]nce a bona fide copy is made . . . , subsequent copies can be made by directly referring to that copy." *Kodadek*, 152 F.3d at 1212. But there must first be a bona fide copy from which to effect reproduction, and that is noticeably absent.

Instead, Tavory created a reconstruction that relied in substantial part on his memory and submitted that reconstruction in connection with his application. His attempt at registration is therefore invalid, and this Court has no choice but to dismiss the action for infringement for lack of subject matter jurisdiction. *Xoom, Inc. v. Imageline, Inc.*, 323 F.3d 279 (4th Cir. 2003); *see also Coles*, 283 F.3d 798 (6th Cir. 2002); *Seiler*, 808 F.2d 1316 (9th Cir. 1987).

Even if this Court were to have jurisdiction in the action for infringement, the Defendant has raised additional arguments that militate toward granting summary judgment. The first of these is equitable estoppel. To avail oneself of the estoppel defense, it must be shown: (1) that the plaintiff had actual or constructive knowledge of the truth of a matter; (2) that he misrepresented or concealed material facts to the defendant; (3) that he intended or expected the defendant to rely upon those misrepresentations or concealments; (4) that the defendant did so act; and (5) that his reliance was both reasonable and

detrimental. See *Elmore v. Cone Mills Corp.*, 187 F.3d 442, 446-47 (4th Cir. 1999) (citations omitted); *Serv. & Training, Inc. v. Data Gen. Corp.*, 963 F.2d 680, 689 (4th Cir. 1992) (citation omitted). The truth of the matter at issue in the instant proceedings is, of course, the authorship of the Push Software; the concealment, Tavory's long-standing silence as to his role in that authorship;⁴ and the reliance, the frustration of NTP's ability to resolve attacks against the integrity of the patents-in-suit in one fell swoop, principally through *BlackBerry*.⁵ The Plaintiff's delay in asserting his authorship has been excessive and unreasonable, and no satisfactory explanation has been offered.

The Court is deeply troubled by these circumstances. There are few coincidences in life, and the

⁴ The Push Software was conceived in 1990. Tavory was deposed in connection with *BlackBerry* in 2002. At no time during that 12-year period did the Plaintiff assert his authorship. Nor was the issue of authorship raised in 2002 when Tavory was confronted with a copyright claim that was inconsistent with his own (Pl.'s 2002 Dep., 26), or in the four years that followed. In fact, the first time that Tavory claimed to be the author of the source code was in 2006, after Mr. Campana had passed away, and after a healthy settlement between NTP and Research In Motion had been reached.

⁵ The Defendant alleges that "if Tavory had timely asserted a claim that reproduction of the published [patents-in-suit] during the course of the patent litigation constituted infringement, NTP could and would have taken a number of steps that would have eliminated all such allegations," (Def.'s Br. in Support of Mot. for Summ. Judg., Docket Entry No. 86, 24), thereby obviating the need for the instant litigation.

timing of Tavory's assertions is far too convenient to avoid suspicion. Not only did the Plaintiff wait until after the death of Mr. Campana, who would surely have been a material witness, to stake his claim, the copyright registration was not filed until after NTP had entered into a nine-figure settlement with respect to the patents Tavory says infringe his rights. Despite these serious infirmities, the most damning evidence has been rendered by the Plaintiff himself. He has been deposed twice. On the first occasion, in 2002, Tavory testified that he could not remember whether he wrote the Push Software at Mr. Campana's direction, or to what extent he was involved in the authorship of the source code. (Pl.'s 2002 Dep. *passim*.) Four years later, the Plaintiff sat for another deposition, this time in connection with the present matter. In spite of the fact that it was then 2006, and that he was testifying about events that had happened 16 years previously, Tavory's memory was much clearer. (Pl.'s 2006 Dep. *passim*.)

It is said that "[e]quitable estoppel may deprive a plaintiff of an otherwise meritorious copyright infringement claim." *Service & Training*, 963 F.2d at 689. The force of equity is no less potent against claims that have no merit. Were this claim legally

competent, equity would compel dismissal with all due haste.⁶

The Defendant's remaining arguments as to copyright infringement address portions of the claim that should be dismissed, rather than the claim as a whole. The first argument is fair use.⁷ It is alleged that NTP committed infringement "by licensing rights in the Push Software and/or in the Patents, inviting others to copy the Push Software, reproducing the Push Software, . . . making electronic copies of the Push Software[,] asserting ownership of the Push Software[,] and purporting to authorize others to exercise the exclusive rights in the Push Software." (Compl. ¶ 41.) Tavory is not seeking damages for all acts of infringement that may have occurred since 1990; indeed, he cannot. Such a claim is expressly

⁶ It should be noted, for the sake of thoroughness, that the doctrines of laches and judicial estoppel would also have led to the same disposition.

⁷ "The fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research, is not an infringement of copyright." 17 U.S.C. § 107. Fair use exists as an affirmative defense to copyright infringement. See, e.g., *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC*, 464 F.Supp.2d 495 (E.D.Va. 2006). It is argued that NTP waived this defense by neglecting its mention in the answer. However, the Court has been fully briefed by both parties on the matter, and it was addressed at the hearing on the Motion for Summary Judgment.

precluded by statute.⁸ We are therefore concerned only with acts that may have occurred on September 20, 2006, the date on which this action was filed, or during the preceding three years.

Between 2003 and 2006, the Defendant was engaged in an action for patent infringement against Research In Motion. In the course of that litigation, copies of the patents-then-in-suit were made and distributed to the parties, to their experts, and to the Court. Those patents are alleged to have contained the source code for the Push Software, and it is the reproduction of that code during litigation for which Tavory seeks damages, at least in part.

There is some debate as to whether the reproduction of copyrighted material for the purposes of litigating an infringement action is a fair use. In order to determine whether the use made of a work is a fair use, the Court defers to the statutory guidelines and examines: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. 17 U.S.C. § 107. Upon due consideration of these aspects, the Court is of the opinion that the litigation-related conduct giving rise to the

⁸ "No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." 17 U.S.C. § 507(b).

opportunities for which the code was copied was a fair use. At issue in *BlackBerry* was the security of NTP's patents; the adjudication of that dispute required the reproduction and dissemination of the patent applications, which necessarily set forth the code that Tavory claims to have authored. In addition, and despite the Plaintiff's suggestions to the contrary,⁹ the character of the use was not commercial, nor was the potential market for or value of the software source code impaired. To the extent that the code was reproduced in anticipation of or preparation for litigation, that use was a fair use and there can be no liability for infringement.¹⁰

It is further alleged that acts of infringement were committed separate and apart from the context of litigation. In the three years spanning 2003 to 2006, the source code for the Push Software was

⁹ "NTP has transformed the courtroom into its boardroom." (Pl.'s Br. in Opp. to NTP's Mot. for Protective Order, Docket Entry No. 76, 2.)

¹⁰ The Plaintiff has cited authority for the proposition that the use of copyrighted material in the course of litigation may fall outside the ambit of fair use, and thus expose the party who uses the copyrighted material to liability for infringement. See, e.g., *Images Audio Visual Prods. v. Perini Bldg. Co.*, 91 F.Supp.2d 1075 (E.D.Mich. 2000). The Court does not presume to announce a rule that categorically shields litigants from copyright liability through fair use. But where, as here, the works produced before the Court are material to the litigation, and where the party offering production of the work has done so without notice or knowledge of another's claim to copyright, the equities are in favor of fair use.

copied and distributed with regard to matters wholly unrelated to any pending litigation, but only as a constituent part of the patents that it serviced.¹¹ The issue with respect to this claim is not as to liability, but as to damages. Summary judgment is appropriate as to damages for infringement if the complainant offers only speculation as to the existence of a causal connection between the alleged infringement and any consequent revenues. *Bouchat v. Baltimore Ravens Football Club, Inc.*, 346 F.3d 514, 522-23 (4th Cir. 2003). Pursuant to an Order from this Court, NTP examined its files for the three-year period in question to determine whether any revenue could be attributed to its licensing of the patents-in-suit. None was identified. (Def.'s Memo. in Support of Mot. for Summ. Judg., Docket Entry 86, 13.) In opposition, the Plaintiff has offered certain expert testimony in order to show that there is some attributable revenue. After having considered the character of the testimony to be offered, though, the Court is convinced that it

¹¹ "[P]atent and copyright laws protect distinct aspects of a computer program. Title 35 protects the process or method performed by a computer program; [T]itle 17 protects the expression of that process or method. . . . If the patentable process is embodied inextricably in the line-by-line instructions of the computer program, . . . then the process merges with expression and precludes copyright protection." *Atari Games Corp. v. Nintendo of Am., Inc.*, 975 F.2d 832, 839-40 (Fed.Cir. 1992) (citations omitted). The Defendant has not argued that the copyrightable elements of the patents-in-suit have merged into the patents themselves, and so the Court presumes that the intellectual property rights remain distinct.

would be tremendously speculative and therefore wholly unhelpful.

Ultimately, of course, that issue need not be resolved. The Plaintiff's action for copyright infringement is subject to dismissal on summary judgment on the bases of both law and equity.

IV.

The final set of claims before the Court arises in connection with the six disputed patents, for each of which the Plaintiff seeks his name to be joined as a co-inventor.¹² There is a strong presumption that those named in an issued patent are the true and correct inventors. *Hess v. Advanced Cardiovascular Sys., Inc.*, 106 F.3d 976, 980 (Fed.Cir. 1997). That presumption is not easily overcome.

The touchstone of inventorship is conception, *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1227-28 (Fed.Cir. 1994), which is the formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention, as it is from that time to be applied in practice. *Stern v.*

¹² "Whenever . . . through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Director may . . . issue a certificate correcting such error. . . . The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Director shall issue a certificate accordingly." 35 U.S.C. § 256.

Trustees of Columbia Univ., 434 F.3d 1375, 1378 (Fed.Cir. 2006) (internal quotations and citation omitted). “[T]o be a joint inventor, an individual must make a contribution to the conception of the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention.” *Fina Oil & Chem. Co. v. Ewen*, 123 F.3d 1466, 1473 (Fed.Cir. 1997). “This requires more than merely exercising ordinary skill in the art,” *Caterpillar Inc. v. Sturman Indus., Inc.*, 387 F.3d 1358, 1377 (Fed.Cir. 2004), but an amount of contribution that is reasonably substantial. There is also an evidentiary requirement. Conception must be corroborated, preferably through evidence of a contemporaneous disclosure that would enable one skilled in the art to make the invention. *Burroughs Wellcome*, 40 F.3d at 1228. These aspects, conception and corroboration, must be proven by clear and convincing evidence.¹³ *Hess*, 106 F.3d at 980.

This is an exacting burden, and it has not been carried. To begin with, conception is not a matter that may be simply assumed. The party seeking to be joined as an inventor must offer some evidence that his contribution to the patent was more than of the type of normal skill that would be expected of someone who is skilled in the art. *Fina Oil*, 123 F.3d at

¹³ A more demanding standard of review is required in this matter, as “[t]he inventors as named in an issued patent are presumed to be correct.” *Hess v. Advanced Cardiovascular Sys., Inc.*, 106 F.3d 976, 980 (Fed.Cir. 1997) (citation omitted).

1473. During *BlackBerry*, Mr. Campana testified that the Plaintiff was among a pool of computer programmers employed in the course of the research and development of the Telefind laptop project. (*Blackberry* Trial Tr. 140-43.) These programmers wrote code at Mr. Campana's direction, and at the direction of Mr. Thelen and Mr. Ponschke. The Plaintiff did not attempt to rebut these assertions. He testified under oath in 2002 that he could not "remember one way or the other" as to whether he worked under the direction of Mr. Campana in 1990 (Pl.'s 2002 Dep. 45), and the Court is unaware of any position taken by the Plaintiff as to his membership in a pool of Telefind programmers in which all may have participated, to some degree, in writing code.

Corroboration has been equally problematic. Tavory has offered a number of statements from individuals who claim to have seen him using a wireless data device in the early months of 1990. The Plaintiff contends that this device was a prototype of the technology that Telefind wanted to cultivate for use with laptops, that he wrote the source code for this device, and that it was this code which evolved to become the Push Software. It should be noted that Tavory's device was technologically distinct from the wireless email systems that Mr. Campana and his associates patented, the most significant difference being that Tavory's device was not capable of receiving wireless email transmissions. And just as the Plaintiff did not retain any copies of the source code he had written in conjunction with the Telefind

project, he did not retain any information pertaining to the authorship of the code he wrote for his prototype device. In short, there is no credible evidence that can be offered establishing that Tavory participated in the conception of the wireless email systems, nor is there credible evidence that can be offered to corroborate his claim. No reasonable jury could find in the Plaintiff's favor given this evidentiary dearth. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986).

V.

For the foregoing reasons, summary judgment shall be entered for the Defendant as to each remaining count of the Complaint. An appropriate Order shall issue.

Article III, Section 2:

The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; – to all cases affecting ambassadors, other public ministers and consuls; – to all cases of admiralty and maritime jurisdiction; – to controversies to which the United States shall be a party; – to controversies between two or more states; – between a state and citizens of another state; – between citizens of different states; – between citizens of the same state claiming lands under grants of different states, and between a state, or the citizens thereof, and foreign states, citizens or subjects.

§ 411. Registration and infringement actions

(a) Except for an action brought for a violation of the rights of the author under section 106A(a), and subject to the provisions of subsection (b), no action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute an action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights.

The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue.

(b) In the case of a work consisting of sounds, images, or both, the first fixation of which is made simultaneously with its transmission, the copyright owner may, either before or after such fixation takes place, institute an action for infringement under section 501, fully subject to the remedies provided by sections 502 through 506 and sections 509 and 510, if, in accordance with requirements that the Register of Copyrights shall prescribe by regulation, the copyright owner –

(1) serves notice upon the infringer, not less than 48 hours before such fixation, identifying the work and the specific time and source of its first transmission, and declaring an intention to secure copyright in the work; and

(2) makes registration for the work, if required by subsection (a), within three months after its first transmission.

§ 505. Remedies for infringement: Costs and attorney's fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an

A. 101

officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

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No. 08-951

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SUPREME COURT, U.S.

IN THE
Supreme Court of the United States

OREN TAVORY,

Petitioner,

v.

NTP, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

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COUNTER STATEMENT OF QUESTIONS PRESENTED

1. Whether the Federal Circuit's nonprecedential opinion in this case properly applied well-settled principles of patent law in affirming the district court's denial of Tavory's belated claim of joint inventorship when Tavory failed to adduce sufficient corroborated evidence that he either participated in, or made a substantial contribution to, the conception of the wireless email systems described and claimed in the Campana Patents.

2. Whether, in these circumstances, this Court should consider creating a new equitable royalty sharing remedy for co-inventors under federal common law when that remedy would directly conflict with Congress's contrary policy judgment, embodied in 35 U.S.C. § 262, that each co-owner may independently license the invention.

**RULE 29.6 CORPORATE DISCLOSURE
STATEMENT**

NTP is a closely held corporation. There is no parent or publicly held corporation owning 10% or more of NTP's stock.

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JURISDICTION

NTP believes that this Court has jurisdiction on the ground recited in Tavory's petition. Pet. 2.

INTRODUCTION AND SUMMARY OF REASONS TO DENY THE PETITION

Petitioner seeks review of a nonprecedential decision by the Court of Appeals for the Federal Circuit affirming the district court's rejection of his belated claim of joint inventorship in Respondent's patents. Both the district court and the Federal Circuit correctly applied the well-settled legal requirements for adjudicating a joint inventorship claim. In particular, the putative unnamed co-inventor must prove, by clear and convincing evidence, that he participated in, and made a significant contribution to, the "conception" of the invention claimed in the patents-at-issue.

In this case, the invention at issue is the integrated wireless electronic mail systems, including specific architectures, configurations and interactions of multiple system components, set forth in the claims of the Campana Patents. The factual record is undisputed that this invention was jointly conceived by the named inventors (Campana, Ponschke and Thelen) in Chicago. There is no evidence, corroborated or otherwise, that Tavory, who was employed as a computer programmer in Florida, ever participated in the conception of the pioneering Campana wireless email systems technology.

Instead, Tavory claims – sixteen years after the fact – that he conceived an entirely different idea, *i.e.*,

“sending emails to pagers,” before the named inventors made their invention. As the courts below found, however, the alleged invention of sending “emails to pagers” is technologically distinct from the patented Campana systems technology and Tavory failed to present any evidence that his alleged pager “invention” was either novel, nonobvious, sufficiently corroborated by a contemporaneous enabling disclosure, or made available to the Campana inventors before their conception.

In rejecting Tavory’s joint inventorship claim, the courts below broke no new legal ground. They correctly stated established legal standards and properly applied those standards to a technologically complex summary judgment record. The Federal Circuit’s nonprecedential decision presents no unsettled issue of patent law that warrants review by this Court.

Likewise, Tavory’s request for creation of a new federal “equitable” cause of action is contingent upon his joint inventorship claim, and therefore purely hypothetical and unripe. On grounds of both standing and ripeness, the Court should decline Tavory’s invitation to issue an advisory opinion on abstract issues of federal common law divorced from a concrete factual record. Moreover, as discussed in the opinions below, Tavory’s proposed licensing fees “disgorgement” remedy would directly conflict with Congress’s policy judgment embodied in 35 U.S.C. § 262 providing broad latitude for co-owners/inventors to enjoy the fruits of their inventions free from claims for equitable monetary relief.

STATEMENT OF THE CASE

A. Factual Background

1. Invention of the Campana Patents

The “Campana Patents” in which Tavory claims co-inventorship¹ describe and claim a pioneering wireless electronic mail system, now embodied in the popular BlackBerry® service, that allows out-of-office users to continue to receive and send email on a mobile computer. *See NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005), *cert denied*, 546 U.S. 1157 (2006) (the “NTP/RIM” case). The Campana invention consists of multiple system components specially configured to integrate existing electronic mail systems with radio frequency (“RF”) wireless communications networks.² The Campana Patents include a variety of individual system components (*e.g.*, email servers, RF receivers, mobile processors), some of which were well known in the prior art. The Campana inventors conceived and reduced to practice the overall system architectures and configurations of elements to create

¹ U.S. Patent Nos. 5,436,960; 5,438,611; 5,625,670; 5,631,946; 5,819,172; 6,067,451, 5,479,472, and 6,317,592 (collectively the “Campana Patents”).

² The Federal Circuit’s *NTP/RIM* opinion describes the components and operation of the Campana invention. 418 F.3d at 1289. The various components of the patented systems can include, *inter alia*, desktop computers, email servers, distributed intelligence enhancements, gateway/interface components, RF networks, RF receivers, and mobile destination processors. *See id.* at 1294-1311.

the innovative wireless email technology as set forth in the specific claims of the Campana Patents.

The inventions resulting in the "Campana Patents" were conceived by Thomas J. Campana, Michael P. Ponschke and Gary F. Thelen, all of whom worked in Chicago at ESA, a small engineering consulting firm.³ ESA had a close working relationship with Telefind, a telecommunications start-up based in Florida that operated a nationwide paging network (A.3). Campana and his ESA co-workers used the Telefind RF network to reduce their invention to practice "before November 1990 when Campana demonstrated it at a large trade show to much acclaim" (A.4).

ESA and Telefind also worked with AT&T in late 1990 and early 1991 to develop a commercial product based on Campana's wireless email technology (the "AT&T laptop project").⁴ Tavory was involved as one of several Telefind programmers working on that project, along with Ponschke and Thelen, two programmers at ESA. Telefind ran out of funds in 1991 and began to collapse. As a result, the laptop project was never brought to market. (A.4).

³ The most detailed, concise description of Campana's conception and reduction to practice is found in his PTO declaration and his extensive contemporaneous supporting documentation, which appear in the joint appendix below at A492-A516 and A519-A659, respectively.

⁴ "The objective of that project was to create the first commercially viable, wireless-enabled laptop computer." (A.26-27).

2. The *NTP/RIM* Litigation and Tavory's 2002 Deposition

In November 2001, NTP filed suit against Research In Motion, Ltd. ("RIM") in the U.S. District Court for the Eastern District of Virginia, accusing RIM's BlackBerry® systems of infringing the Campana Patents. Tavory was contacted by RIM and NTP in January 2002 and was deposed by RIM in September 2002. Tavory was extensively questioned regarding his work at Telefind in 1990, the Campana Patents and the software code that Tavory helped to write for the AT&T laptop project. Tavory never made any claim of inventorship at his deposition and emphatically disavowed (over 100 times) knowledge concerning the conception and reduction to practice of the Campana inventions. (See A.22-23; A.35-36).

The *NTP/RIM* case proceeded to trial before Chief Judge Spencer in November 2002. At trial, Mr. Campana testified at length about the conception and reduction to practice of the Campana Patents and supported his testimony with undisputed corroborating documentation. NTP won a jury verdict awarding more than \$23 million, obtained a judgment of more than \$50 million in damages, and the district court awarded a permanent injunction, which it stayed pending appeal. After an unsuccessful appeal to the Federal Circuit, and denial of *certiorari* by this Court, RIM elected to settle the litigation, agreed in early 2006 to take a license to resolve all past and future infringement, and paid NTP \$612.5 million. (A.4-5).

3. Tavory's Attempts To Extort Money from NTP and To Fabricate Corroborating Documentation

Campana died in June of 2004. After his death, and after announcement of the \$612.5 million settlement with RIM, Tavory contacted NTP and demanded a share of the settlement. In direct contradiction of his 2002 deposition testimony, Tavory now asserted that he had created Campana's wireless email technology long before Campana and that he had demonstrated the technology to his Telefind co-workers prior to Campana's conception date.

Because Tavory's invention story had never surfaced during the aggressively litigated *NTP/RIM* case, NTP requested supporting contemporaneous documentation, which Tavory refused to provide. Instead, Tavory indicated that his corroboration would be in the form of oral testimony from his Telefind co-workers describing their sixteen-year-old recollections. Tavory also threatened a copyright lawsuit based on allegations that Tavory owned the software in the Campana Patent appendix and that NTP committed copyright infringement every time its attorneys made copies of the Campana Patents during litigation.

At some point, Tavory recognized that his lack of documentation would be fatal to his attempts to extract money from NTP. Tavory then fabricated his own supporting document. Tavory used the November 25, 1990 software listing (found in the original Campana patent application) to "reconstruct" a purported earlier version of the same software. (See A.30-34). Tavory made

numerous deliberate alterations. He removed the November 25, 1990 date so that he could argue that he created the software earlier in 1990 in order to pre-date the named inventors' conception. In addition, Tavory removed the name of his employer, Telefind, from the fabricated software listing in an attempt to assert that he, rather than Telefind, owned the software.

In July 2006, Tavory filed this newly "reconstructed" software in an application to the Copyright Office and falsely asserted its date of creation to be 1990. The Copyright Office, relying on Tavory's misrepresentation, issued a copyright registration.

B. Proceedings Below

1. Tavory's Complaint and Subsequent False Discovery Answers

In September 2006, Tavory sued NTP for correction of inventorship, copyright infringement, and unjust enrichment under state law. The case was assigned to Judge Spencer, who had presided over the *NTP/RIM* litigation and trial. Tavory's complaint alleged that he had invented "the concept of sending emails to pagers" and that he was entitled to compensation for NTP's use of the "Tavory invention" and his copyrighted software (A.108). Tavory appended his fabricated "reconstructed" software as Exhibit A to his complaint and cited the document in support of both his inventorship and copyright counts.

Because of its suspicious appearance and content, NTP repeatedly probed the provenance of Exhibit A

during discovery. Tavory provided false discovery answers stating, in substance, that the newly-fabricated software listing had been in existence at the time of the May 21, 1991 Campana patent application filing. *See Tavory v. NTP, Inc.*, No. 3:06-CV-628, 2007 U.S. Dist. Lexis 75062, at *4-*8 (E.D. Va. Oct. 9, 2007), *aff'd*, 297 F. App'x 986 (Fed. Cir. 2008). This was a false statement. Not until his deposition at the end of the case did Tavory finally reveal that he had “reconstructed” this software listing in 2006 and that it had not existed in 1990-91.

2. The District Court's Summary Judgment Dismissing Tavory's Copyright Claims and Award of NTP's Attorneys Fees

After discovery closed, the district court granted summary judgment to NTP dismissing Tavory's copyright count on a number of grounds, including Tavory's submission of a fraudulent application to the Copyright Office to obtain his registration (A.30-41). The district court awarded NTP a portion of its attorneys fees attributable to the copyright count. *Tavory*, 2007 U.S. Dist. Lexis 75062, at *4-*8.

Tavory did not appeal the dismissal of his copyright claims, but did appeal the award of attorneys fees. The Federal Circuit affirmed the fee award on October 28, 2008, and this Court denied *certiorari* on March 30, 2009 (Dkt. No. 08-952).

3. The District Court's Summary Judgment Dismissing Tavory's Inventorship Claims

The district court also granted summary judgment rejecting Tavory's claim to be recognized as a co-inventor of the Campana Patents (A.41-44). The court applied well established precedent regarding: (1) the "strong presumption that those named in an issued patent are the true and correct inventors;" (2) the substantive requirement that an alleged joint inventor must make a substantial contribution "to the conception of the claimed invention;" and (3) the evidentiary requirement that "conception and corroboration must be proven by clear and convincing evidence" (A.41-42).

The district court explicitly noted that Tavory's alleged invention, which Tavory described as "the concept of sending emails to pagers" (A.108), was "technologically distinct from the wireless email *systems* that Mr. Campana and his associates patented" (A.43, emphasis added). Although there was evidence that Tavory was among a pool of Telefind programmers who worked on the AT&T laptop project, those programmers wrote code for the proposed commercial product after Campana and his ESA co-workers had conceived and reduced to practice their wireless email system invention. With respect to the inventions actually described and claimed in the Campana Patents, there was simply no evidence, corroborated or otherwise, that Tavory actually interacted with the named inventors, all of whom worked in Chicago, during their conception of the wireless email systems (A.43-44).

4. The District Court's Dismissal of Tavory's Unjust Enrichment Claims

In a separate opinion (A.49-55), the district court dismissed Tavory's state-law unjust enrichment count for failure to state a claim. Fed. R. Civ. P. 12(b)(6). Tavory had based this count on NTP's alleged use of his copyrighted software and the so-called "Tavory invention" (*i.e.*, defined in the complaint as "sending emails to pagers").

The district court found that Tavory's unjust enrichment claims were preempted by both federal copyright and federal patent law. With respect to federal copyright preemption, the court determined that Tavory's state-law claims regarding use of his software were preempted because (1) the work at issue was squarely within the subject matter of copyright and (2) the rights granted under state law are equivalent to the exclusive rights set forth within the scope of federal copyright law. *U.S. ex rel. Berge v. Bd. of Trustees*, 104 F.3d 1453 (4th Cir. 1997) (A.51-52).

With respect to Tavory's unjust enrichment claims based on his status as putative co-inventor, the district court dismissed those claims under the doctrine of conflict preemption under federal patent law. Even if Tavory were recognized as an inventor, Section 262 of the Patent Code expressly provides that "[i]n the absence of any agreement to the contrary, each of the joint owners of a patent may make, use, offer to sell, or sell the patented invention . . . without the consent of and without accounting to the other owners." 35 U.S.C. § 262. Because Tavory was attempting to use his

derivative unjust enrichment claim to seek an accounting expressly proscribed by Section 262, "state law is displaced." (A.52-54).

Subsequently, Tavory moved to amend his complaint to add a vague cause of action for unspecified "federal equitable relief." (A.56). The district court denied Tavory's motion to amend on grounds that the amendment would be futile since Tavory's repackaged federal version of his state-law unjust enrichment claims could not withstand a Rule 12(b)(6) motion to dismiss. "A demand for equitable relief in conflict with the scheme that Congress has established is therefore impossible, regardless of whether the claim sounds in state or federal law." (A.45-48).

5. The Federal Circuit's Unanimous, Nonprecedential Affirmance of the District Court's Rulings

On October 27, 2008, the Federal Circuit issued an unpublished, nonprecedential opinion affirming Judge Spencer's rulings rejecting Tavory's inventorship claim, his state law unjust enrichment claim and his attempt to add a new vague claim for unspecified "federal equitable relief." (A.1-24). The majority opinion affirmed summary judgment on the inventorship claim because Tavory failed to raise a genuine issue of material fact as to his alleged contribution to the conception of the *wireless email systems* actually claimed in the Campana Patents. (A.6-13). It affirmed dismissal of Tavory's unjust enrichment claim because that claim was preempted by 35 U.S.C. § 262. (A.14-19). Finally, it affirmed the district court's denial of leave to amend because the

district court did not abuse its discretion in holding that Tavory's vague "federal equitable relief" claim was duplicative of his already-pled claims and therefore futile. (A.20-22).

Judge Newman issued a concurring opinion agreeing that all of Tavory's claims should be dismissed. (A.22-24). Judge Newman, however, would not have reached the merits of the joint inventorship issue, or the contingent claims for unjust enrichment and "federal equitable relief." Instead, she would have dismissed on either of two alternative grounds, *i.e.*, laches and/or estoppel by silence. "Whether or not Mr. Tavory should have been or could have been named as a joint inventor, he waited too long to make the claim" (A.24).

REASONS FOR DENYING THE PETITION

I. Tavory's Petition Wholly Fails To Meet The Standards Of Rule 10.

Under Rule 10, this Court will exercise its discretion to review a decision of a United States Court of Appeals by writ of *certiorari* "only for compelling reasons." Here, there is no conflict among the circuits, no conflict with a decision by a state court of last resort, and no claim that the courts below have "so far departed from the accepted and usual course of judicial proceedings" to warrant exercise of this Court's supervisory power. Sup. Ct. R. 10(a). Nor does Tavory identify any "important question of federal law" decided by the court below that either conflicts with this Court's decisions or is so pressing and unsettled that it should now be resolved by this Court. Sup. Ct. R. 10(c). At most,

Tavory contends that the Federal Circuit misapplied well-established legal standards regarding joint inventorship, a type of alleged error that “rarely” justifies review on *certiorari*. Sup. Ct. R. 10.

As discussed in more detail below (*infra*, pp. 12 - 16), the Federal Circuit’s nonprecedential decision broke no new legal ground with respect to the standards for establishing joint inventorship. The decision correctly states that Tavory must prove, by clear and convincing evidence, that he made a substantial contribution to the “conception of the *claimed invention*” (A.7, emphasis added). The “claimed invention” in this case is defined by the claims of the Campana Patents and comprises the overall system architectures, configurations of components and prescribed interactions of those components that constitute Campana’s pioneering wireless email technology.

The district court correctly found, and the Federal Circuit affirmed, that Tavory produced no evidence that he participated with the named inventors, Campana, Ponschke and Thelen, in their conception of wireless email system. Indeed, in his complaint, Tavory alleged that his so-called “Tavory invention” was something entirely different, *i.e.*, “the concept of sending emails to pagers” (A.108 at ¶ 43). Contrary to Tavory’s petition and briefs below, the alleged invention of “sending email to pagers” is not the same thing as the “interface switch” element in the claims of the Campana Patents. In particular, under the district court’s undisputed claim construction, the “interface switch” element of the claimed wireless email systems must transmit “electronic mail messages to a wireless system for delivery to a *mobile processor*.” (A.8, emphasis added).

Tavory's attempt to create an entirely new equitable remedy under the Patent Act and federal common law (*see* Questions Presented No. 2) depends on recognition of his joint inventorship claim and is therefore purely hypothetical and unripe. Unless and until Tavory can prove at trial, by clear and convincing evidence, that he actually participated in, and made a substantial contribution to, the conception of the Campana wireless email technology, the question of possible "federal equitable remedies" is advisory and without a concrete factual context.

Moreover, any consideration of a new federal "equitable" cause of action would necessarily require consideration of the alternative grounds for affirmance discussed in Judge Newman's concurring opinion. (A.22-24). Tavory's claims, whether for inventorship or "equitable" disgorgement of RIM licensing payments, are barred on grounds of laches and estoppel by silence and unclean hands. Tavory was well aware of the *NTP/RIM* litigation in 2002 and was deposed at length regarding his software code and his role, if any, in the conception and reduction to practice of the Campana Patents. He was under "a clear duty to speak," yet never mentioned the possibility of his alleged joint inventorship claim. (A.22-23; *see* A.36 ("in 2002, Tavory testified that he could not remember whether he wrote the Push Software at Mr. Campana's direction, or to what extent he was involved in the authorship of the source code")). Similarly, over the next four years, throughout the trial, appeals and ultimate settlement of the highly publicized *NTP/RIM* litigation, Tavory sat mute. Instead, he waited until "after Mr. Campana had passed away, and after a healthy settlement between

NTP and Research In Motion had been reached" before he suddenly came forward with a fabricated "reconstruction" of his alleged software and belated – by sixteen years – claim of inventorship. (A.23 & A.35 n. 4).

As the courts below observed, even assuming Tavory's claims were legally competent, "*equity would compel dismissal with all due haste.*" (A.36-37 (emphasis added); A.35 ("[Tavory's] delay in asserting his authorship has been excessive and unreasonable, and no satisfactory explanation has been offered")). "Whether or not Mr. Tavory should have been or could have been named as a joint inventor, he waited too long to make the claim. That is a sufficient ground of affirmance." (A.24, Newman, J.).

II. The Federal Circuit's Nonprecedential Opinion Correctly States And Applies Well-Settled Legal Standards in Rejecting Tavory's Joint Inventorship Claim.

Both the district court and the Federal Circuit correctly articulated the exacting burden imposed on those seeking to establish a *post hoc* claim of co-inventorship to an issued U.S. patent. The key legal standards include:

1. There is a strong presumption that those named on an issued patent are the true and correct inventors, and a putative unnamed co-inventor must prove his inventorship by clear and convincing evidence. *Hess v. Advanced Cardiovascular Sys., Inc.*, 106 F.3d 976, 980 (Fed. Cir. 1997). (A.6-7 & A.41).

2. The “touchstone” of inventorship is *conception*, which is the formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention. *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994). (A.7 & A.41).
3. A co-inventor must prove that he made a significant “contribution to the conception of the claimed invention.” *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1460 (Fed. Cir. 1998). (A.7 & A.42, emphasis added).
4. This contribution must be more than the exercise of ordinary skill in the art, and simply reducing to practice an invention that was conceived by others is insufficient for co-inventorship. *Ethicon*, 135 F.3d at 1460. (A.7 & A.42).
5. A putative co-inventor’s own statements are inadequate to prove conception as a matter of law and must be corroborated by independent evidence of a contemporaneous disclosure that would enable one skilled in the art to make the claimed invention. *Ethicon*, 135 F.3d at 1461; *Burroughs*, 40 F.3d at 1228. (A.7-8 & A.42).

Tavory’s petition does not challenge the legal standards for joint inventorship set forth in the opinions below

(see, e.g., Pet. 15-16). Indeed, quoting from *Ethicon*, Tavory concedes that the “critical question for joint conception is who conceived, as that term is used in the patent law, *the subject matter of the claims at issue*” (Pet. 15, emphasis added).

In this case, the “subject matter of the claims at issue” is entire integrated wireless electronic mail systems, including specific architectures, configurations and interactions of multiple system components, as set forth in the claims of the Campana Patents. The factual record is undisputed that this invention was jointly conceived by the named inventors, Campana, Ponschke and Thelen, while working at ESA in Chicago. There is simply no evidence, let alone clear, convincing and corroborated evidence, that Tavory ever participated in any way with the named inventors in their conception of the wireless email systems technology.

Indeed, Tavory makes no such claim. To the contrary, his complaint alleges that he independently invented something entirely different, *i.e.*, “*the concept of sending emails to pagers*” (A.108 at ¶ 43, emphasis added), long before Campana and his co-workers conceived of their invention of an integrated wireless electronic mail system. Likewise, all of Tavory’s purported corroborating witnesses only discuss the so-called “idea of sending emails to pagers” (see Pet. 21-24), and not one of the eleven witnesses ever suggested that Tavory actually participated with Campana, Ponschke and Thelen in their conception of “the subject matter of the claims at issue,” *i.e.*, the integrated wireless email systems.

As the district court correctly found, Tavory's alleged "idea of sending emails to pagers" (see Pet. 21) was "technologically distinct from the *wireless email systems* that Mr. Campana and his associates patented." (A.43, emphasis added). For this reason, "there is no credible evidence that can be offered establishing that Tavory participated in the *conception* of the wireless email systems." (A.44, emphasis added). The Federal Circuit affirmed the district court's analysis, noting that all of the testimony and witnesses offered by Tavory "do not bear on *conception* and do not indicate Tavory ever made a contemporaneous enabling disclosure" to Campana or anyone else. (A.12, emphasis in original). The complete lack of any evidence that Tavory ever participated with the named inventors in their conception of the patented wireless email systems technology is fatal to Tavory's joint inventorship claim.

The Federal Circuit also analyzed Tavory's related appellate argument that he allegedly conceived of the "interface switch," which is a claim element in multiple claims of the Campana Patents. The Court of Appeals rejected this argument on two separate grounds. First, it found that Tavory had failed to adduce any evidence that his alleged conception of "sending emails to pagers" was novel and nonobvious, as opposed to arising from the exercise of ordinary skill in the art. The subject matter of the claims of the Campana Patents, by contrast, comprises wireless electronic email systems that include a number of elements from the prior art (*e.g.*, email servers, RF receivers). Thus, even assuming that Tavory could show that he actually participated in the conception of the Campana wireless email systems, there was no corroborated evidence that "his alleged

contribution to the claimed invention – the interface switch – was the result of anything more than the exercise of ordinary skill in the art [and therefore] he has failed to establish co-inventorship” (A.8-10).⁵

Second, the Federal Circuit also found, as an independent ground for affirmance, “that Tavory failed to provide sufficient corroborating evidence that he *conceived* of the interface switch” (A.10, emphasis in original). At most, the evidence showed that Tavory wrote software code dated November 25, 1990 as part of the AT&T laptop commercialization effort, but this was well after the named inventors had already demonstrated the working invention at a national trade show. Moreover, even if Tavory had assisted in reducing to practice the interface switch for the wireless email systems claimed in the Campana Patents, such activity alone is “irrelevant” to the issue of conception (A.12-13). As the Federal Circuit noted, “components of an invention may themselves be entirely in the prior art so reducing such a component to practice is not evidence of any inventive conception.” (A.12). By the same token, “inventors are not required to have known how to

⁵ Contrary to Tavory's assertion (Pet. ii & 10), the Federal Circuit did not require “proof that the co-inventor's contribution is not in the prior art.” Rather, consistent with well-settled precedent, the Federal Circuit held that Tavory could not establish a significant contribution to the patented Campana technology based solely on his alleged independent reduction to practice of a single component of the claimed wireless email systems. “[C]omponents of an invention may themselves be entirely in the prior art so reducing such a component to practice is not evidence of any inventive conception.” (A.12).

reduce their conceived invention to practice to establish conception" (A.13).⁶ Consequently, Tavory's participation in writing code for the commercial AT&T laptop product is simply irrelevant to "conception" and provides no basis for his inventorship claim.

In sum, the courts below correctly stated the well-established legal standards governing joint inventorship and properly applied those standards to a technologically complex summary judgment record. Fortunately, both the district court and the Federal Circuit were intimately familiar with the patented Campana technology from the previous *NTP/RIM* litigation. Both courts correctly found that Tavory had failed to adduce any corroborated evidence that he had participated with the named inventors in conception of the Campana wireless email systems, or that he made any contemporaneous enabling disclosure to the named inventors that would establish co-inventorship.

⁶ Tavory's petition mischaracterizes the Federal Circuit's opinion as holding "that to prove his conception was sufficiently fixed and permanent by evidence of reduction to practice, [Tavory] had to prove reduction to practice of the *entire* invention" (Pet. 11). The Federal Circuit did no such thing. Instead, it correctly distinguished cases such as *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998), which did involve "reduction to practice of the *entire* invention," from Tavory's claim that he independently reduced to practice only a single component of the Campana wireless email systems, without any showing that his efforts were novel, nonobvious or anything other than the exercise of ordinary skill. (A.12).

III. The Federal Circuit Properly Rejected Tavory's Dependent Unjust Enrichment Claims As Inconsistent With The Purposes And Objectives Of Section 262 Of The Patent Code.

Tavory would have standing to seek equitable remedies, whether for state law unjust enrichment (Pet. 26-31) or for the creation of an entirely new form of unspecified "federal equitable remedy" (Pet. 31-36) only if he were a co-inventor. Because Tavory cannot establish by clear and convincing evidence that he is a co-inventor of the Campana Patents, the issue whether equitable remedies might be available to a so-called "displaced co-inventor" is purely advisory and premature. This Court lacks jurisdiction to adjudicate a contingent claim as to which petitioner lacks standing. *See Warth v. Seldin*, 422 U.S. 490, 498-99 & n.10 (1975) (federal court jurisdiction is limited by both standing and ripeness).

In any event, the Federal Circuit correctly held that Tavory's unjust enrichment claims directly conflict with 35 U.S.C. § 262 and are therefore preempted by federal patent law. (A.14 19). The legislative history of Section 262 reveals that Congress considered, but *expressly rejected*, Tavory's position that joint inventors/owners needed to provide accounting to each other. The initial proposal to the House Judiciary Committee included an "accounting" provision:

§ 65. Joint owners

Whenever two or more persons own a patent jointly, either by the issuing of the patent to

them jointly or by reason of the assignment of an undivided interest in the patent or by reason of succession in title to such interest, each of the joint owners, in the absence of any agreement to the contrary, shall be entitled to make, use or sell the patented invention for his own benefit without accounting to the other joint owners, subject to any contract or agreement, but *neither of the owners may grant licenses or assign his interest, or any part thereof without the consent of the other owners, or without proportionately accounting to the other joint owners.*

Note

The first part of this section states existing law but the last clause *effects a change in the law in requiring consent or an accounting between joint owners in the case of an assignment or license.*

Staff of H. Comm. on the Judiciary 81st Cong., Proposed Revision and Amendment of the Patent Laws (Comm. Print 1950) (emphasis added). Notably, the adopted version of Section 262 expressly rejected such an accounting.

In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use, offer to sell, or sell the patented invention within the United States, or import the patented invention into the

United States, *without the consent of and without accounting to the other owners.*

35 U.S.C. § 262 (emphasis added). Thus, Congress made a policy judgment, based on “existing law,” that there should not be an accounting between owners “in the absence of any agreement to the contrary.” Instead, Congress explicitly imposed a direct foreclosure of co-inventor claims for equitable monetary relief.

The congressional policy embodied in Section 262 plainly applies to licensing of patent rights. *Univ. of Colo. Found., Inc. v. Am. Cyanamid Co.*, 196 F.3d 1366, 1373 (Fed. Cir. 1999) (“*Cyanamid IV*”). Thus, even accepting Tavory’s unsubstantiated contention that he is a co-owner of the Campana Patents, Section 262 would still bar his claim to any portion of the licensing fees received by NTP from various licensees, including RIM. For this reason:

Tavory cannot sidestep § 262 through a state law unjust enrichment claim; such a claim is preempted because it “stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress” in enacting § 262, as the district court correctly held.

(A.16).⁷

⁷ The Federal Circuit’s unpublished opinion also addressed and correctly rejected the additional arguments advanced in Tavory’s petition regarding Section 262. See, e.g., A.16-18 (Cont’d)

For the same reason, there is no basis for the judicial creation, under the guise of federal common law, of an entirely new disgorgement or other equitable monetary remedy for putative co-inventors. Congress's policy judgment in enacting Section 262 is clear: each co-owner of a patent is free to pursue independent exploitation of the patent rights and is broadly protected against any form of accounting, except by "agreement," to other co-owners. As the Federal Circuit recognized, this same Section 262 analysis applies with equal force to Tavory's "purported federal version of his state law unjust enrichment claim," and any amendment to add such a claim would be futile. (A.20-22).⁸

Finally, Tavory's appeal to "policy interests" (Pet. 35-36) in support of the creation of entirely new federal equitable remedies for putative co-inventors is equally unavailing. If anything, the factual circumstances in this case demonstrate that such an

(Cont'd)

(discussing Tavory's arguments based on *Cyanamid IV* and *Ultra-Precision Manufacturing Ltd., v. Ford Motor Co.*, 411 F.3d 1369 (Fed. Cir. 2005)); A.18-19 (addressing Tavory's strained distinction between "co-owners" and "co-inventors").

⁸ Tavory's argument that federal common law already provides an equitable monetary remedy for displaced co-inventors (Pet. 31) is baseless, as is his assertion (*id.*) that the Federal Circuit "disregarded" *Arachnid, Inc. v. Merit Industries, Inc.*, 939 F.2d 1574 (Fed. Cir. 1991). The Federal Circuit's opinion specifically discusses *Arachnid* in some detail, concluding that the case "is inapposite here" and "certainly does not support a vague cause of action for unspecified 'federal equitable relief.'" (A.21-22).

advisory ruling would be contrary to the public interest by opening the floodgates to spurious, follow-on litigation based on suspect claims, asserted years after the fact, of alleged joint inventorship. Under Tavory's theory, an individual who believed, rightly or wrongly, that he should have been named as a co-inventor on a patent would have no incentive to make his claim promptly. Instead, he could simply sit back and wait until the patent was tested in litigation and proved to be commercially valuable. Then, long after the fact and when many of the key witnesses might be dead or unavailable, the putative co-inventor would suddenly emerge and demand a share of the monetary proceeds under a federal common law "disgorgement" theory.

Multi-million dollar judgments and/or settlements in major patent cases are announced almost on a daily basis. In each instance, various individuals who had some tenuous connection to the underlying technology could, under Tavory's proposed federal equitable remedies, threaten suit and attempt to extort money from the legitimate owners of the patent based on fabricated documentation and/or uncorroborated, decades old recollections of their friends. Such a result would contradict the judgment made by Congress in 35 U.S.C. § 262 and spawn a myriad of dubious follow-on lawsuits.

CONCLUSION

For all of the reasons above, NTP respectfully submits that the petition for writ of *certiorari* should be denied.

Respectfully submitted,

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In the
Supreme Court of the United States

OREN TAVORY,

Petitioner,

v.

NTP, Inc.,

Respondent.

On Petition for Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

REPLY IN SUPPORT OF
PETITION FOR WRIT OF CERTIORARI

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List of Parties and Corporate Disclosure

The Rule 29.6 corporate disclosure statement included in the Petition for a writ of certiorari remains accurate.

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REPLY BRIEF FOR PETITIONER

Defining the parameters of joint inventorship is an important question of federal law that has not been, but should be, settled by this Court. The Federal Circuit, without this Court's guidance, has created an impossible joint inventorship standard that has all but eviscerated the hope of any measured or fair application of 35 U.S.C. §§ 116 and 256, even though Congress clearly intended to allow co-inventors to be added to a patent after issuance.

This Court has never directly addressed the issue of patent co-inventorship. It should do so in this case because the joint inventorship test used by the Federal Circuit to exclude Tavory from the patents-in-suit conflicts with the legal principles set forth in *KSR International, Inc. v. Teleflex, Inc.*, 550 U.S. 398 (2007) and with 35 U.S.C. §103. The Court in *KSR* held that the novelty and non-obviousness tests apply to the subject matter of a claim "as a whole." The Federal Circuit, however, in the context of determining joint inventorship, applies the novelty and non-obviousness tests to the conception of individual elements of a claim. Pet. App. 8-9.

Similarly, this Court should decide the important federal question of whether the Patent Act, which was designed to protect and incentivize inventors,

destroys those same inventors' rights to be compensated when their co-inventors omit them from the patent and then exclude them from infringement litigation in which they had a legal right to participate.

**I. This Court Should Grant The Writ To
Resolve Ambiguity and Uncertainty in the
Patent Law Regarding What Constitutes
Joint Inventorship.**

"The exact parameters of what constitutes joint inventorship . . . is one of the muddiest concepts in the muddy metaphysics of the patent law". *Mueller Brass Co. v. Reading Industries, Inc.*, 352 F.Supp. 1357, 1372 (E.D.Pa. 1972), *aff'd*, 487 F.2d 1395 (3d Cir. 1973); *Jamestown Corp. v. U.S.*, 518 F. 2d 1384, 1396 (Ct. Cl. 1975). Most courts which discuss this topic admit that the test for establishing co-inventorship under the Patent Act is far from clear.¹ Commentators who have studied the issue of defining co-inventorship note the confusion surrounding a definition of co-inventorship standards. "Inventorship is especially difficult to define when several individuals have participated in a single invention. Both Congress and the courts have struggled to clarify what determines joint

¹ See, W. Fritz Fasse, *The Muddy Metaphysics of Joint Inventorship: Cleaning Up After the 1984 Amendments to 35 U.S.C. § 116*, 5 HARV.J.L. & TECH. 153 (1992) and cases cited therein.

inventorship.” *Id.* Another commentator has explained that “the law of joint inventorship has always had vague guidelines, attaching legal significance to an abstract event, [and] adhering to a metaphysical standard that deems an inventor’s ‘moment of conception’ the badge of inventorship.”²

The Federal Circuit’s test for co-inventorship has been a moving target. In *Pannu v. Iolab Corp.*, 155 F. 3d 1344, 1351 (Fed. Cir. 1998), the Federal Circuit held that “[a]ll that is required of a joint inventor is that he or she (1) contribute in some significant manner to the conception or reduction to practice of the invention, (2) make a contribution to the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention, and (3) do more than merely explain to the real inventors well-known concepts and/or the current state of the art.” But the Federal Circuit created and applied an entirely new standard in this case, where it required Tavory to prove that the conception of his contribution to the invention was “more than the result of ordinary skill.” Pet. App. 8, 10.³ The Federal Circuit added further confusion when it concluded that Tavory failed this

² Joshua Matt, Note, *Searching for an Efficacious Joint Inventorship Standard*, 44 B.C. L. REV. 245, 245 (Dec. 2002) at 245-46.

³ “Pet. App.” refers to the appendix to Tavory’s Petition. Citation to “Reply App.” refers to the appendix bound herein.

test by his alleged failure to show that his contribution to the invention was "not in the prior art." Pet. App. 9.⁴ Judge Newman's refusal to join with the reasoning of the majority opinion, which she noted "propounds several purported rules of joint inventorship," Pet. App. 23, is understandable, because the test for co-inventorship articulated below does not appear in any prior judicial pronouncement of a joint inventorship test⁵ and is not found in the Patent Act. Certiorari should be granted to establish a definite test with clear standards.

II. The Court Should Grant the Writ To Correct the Federal Circuit's Erroneous Test for Joint Inventorship.

The Federal Circuit's requirement that a putative joint inventor prove that his contribution to the conception of the invention was more than the exercise of ordinary skill and not in the prior art is inconsistent with the Patent Act and this Court's precedent. The novelty and non-obviousness

⁴ The Federal Circuit clearly overlooked portions of the report of Dr. Kalinsky, which stated that the interface switch was not prior art and, instead, "overcomes the problems and deficiencies in the prior art." Pet. App. 140.

⁵ The majority below cited to *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F. 3d 1456 (Fed. Cir. 1998) to support its articulation of the joint inventorship test. Pet. App. 7. All that the putative joint inventor had to show in *Ethicon*, however, was "what [his] contribution was and then whether that contribution's role appears in the claimed invention." *Id.* at 1461.

requirements of Sections 102 and 103 of the Patent Act apply to the "subject matter [of a claim] as a whole" and not to the individual elements of the claim. *KSR International, Inc. v. Teleflex, Inc.*, 550 U.S. 398, 406 (2007). Moreover, a unique combination of known elements, all of which are in the prior art, may be patentable. *Id.* at 418. Therefore, each joint inventor's contribution may be within the prior art, so long as the subject matter as a whole meets the novelty and non-obviousness requirements. The Federal Circuit's test for joint inventorship articulated below *conflicts* with *KSR* by disqualifying a joint inventor's contribution to the invention if it is in the prior art, even if the claim as a whole is not. In doing so, the Federal Circuit has created a requirement of joint inventorship not found in sections 102, 103, 116 or any other section of the Patent Act.

This Court's admonition in *KSR* to the Federal Circuit to consider the subject matter as a whole, rather than any particular element, in determining obviousness necessarily applies in determining co-inventorship. To require a co-inventor to show that his contribution is not in the prior art makes it all but impossible to prove inventorship. As this Court stated, "inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be

combinations of what, in some sense, is already known." *KSR*, 550 U.S. at 418-19.

NTP makes no attempt to respond to Tavory's challenge to the Federal Circuit's erroneous joint inventorship test, discussed on pages 16 and 17 of the Petition. Instead, NTP argued that Tavory cannot show that he conceived of any of the subject matter of the claims because Tavory at most conceived of a system to send emails wirelessly "to pagers," while the subject matter of the patents at issue is "an integrated wireless electronic mail system." Respondent's Brief at 17-18. This is a distinction without a difference, and in any event was not argued below.

NTP did not argue that Tavory's invention was technologically different because it sent email to a pager. Instead, NTP argued in its Motion for Summary Judgment that Tavory's claimed invention sent text, not email, via a "MessageWriter," which operates through a telephone. Pet. App. 43. The district court, overlooking record evidence, agreed. *Id.* But the Federal Circuit rightfully rejected NTP's argument, recognizing the record evidence that Tavory's invention transmitted "emails" from a "computer terminal." Pet. App. 11. NTP has not challenged the Federal Circuit's conclusion. It cannot now morph its losing argument into an argument not asserted in its dispositive motion and

to which Tavory has never been given an opportunity to respond factually.

NTP's rebuttal of Tavory's challenge to the Federal Circuit's refusal to find sufficient corroboration of Tavory's conception to survive summary judgment by the undisputed evidence of Tavory's reduction to practice is based entirely upon a misstatement of the facts. NTP's representation that the evidence shows "at most" that "Tavory wrote software code dated November 25, 1990 as part of the AT&T laptop commercialization effort" and this was after Campana had "demonstrated the invention at a national trade show"⁶ completely ignores the record evidence that Tavory conceived of and reduced to practice the interface switch well before November 1990.

Nearly all of the eleven disinterested witnesses testified that they saw Tavory demonstrate his ability to send an email to his pager using his invention soon after Tavory started at Telefind in late 1989 or early 1990. Pet. App. 114-152. Specifically, the record evidence includes testimony from co-workers and colleagues that corroborate that in late 1989 or early 1990: (1) Tavory "came up with the idea" of sending emails wirelessly to a pager; (2) shortly thereafter, Tavory "took it upon himself to

⁶ Brief in Opposition at 19.

make emails magically appear on peoples pagers"; and (3) "Tavory [was] congratulated at Telefind for "creating and inventing the wireless email system." Petition at 6-9, 21-23 (explaining timing of Tavory's invention). The AT&T laptop project had not even begun at the time Tavory conceived and reduced the interface switch to practice A. 119-23. Thus, NTP's attempts to characterize Tavory's contribution as nothing more than his having "assisted" in reducing to practice Campana's inventive concept for an interface switch completely disregards the timing laid out in the third-party testimony.

**III. The Writ Should Be Granted so this Court
Can Determine the Preemptive Scope of
Section 262 and the Viability of Unjust
Enrichment Claims Between Co-Inventors.**

This Court also should resolve the second important joint inventorship question of whether 35 U.S.C. § 262 bars an omitted co-inventor from recovering the portion of the profits unjustly obtained by the named co-inventors through infringement litigation from which the omitted joint inventor was excluded. Section 262 does not, by its terms, bar such a recovery, but the Federal Circuit has construed § 262 to preempt recovery under state law and to foreclose recovery under federal law.

The lack of remedy faced by Tavory is an inequitable consequence of the long-recognized rule

that all owners of a patent must be joined in any infringement action. See *Willingham v. Star Cutter Co.*, 555 F.2d 1340, 1343 (6th Cir. 1977)(citing *Waterman v. MacKenzie*, 138 U.S. 252, 255 (1891)). There are three important interests protected by this requirement:

- (1) the interest of a co-owner in being able to license third parties under his or her patent without harassing suits by other co-owners; (2) the interest of a co-owner in avoiding the estoppel effect of a judgment declaring the patent invalid in which he or she did not participate; and (3) the interest of a defendant in avoiding multiple suits.

Willingham, 555 F.2d at 1344. By depriving a newly-added co-inventor of any remedy against his co-owners who excluded him from infringement litigation from which they profited, the Federal Circuit undermines the important policy concerns met by the joinder requirement that date back over a century.

Section 262 does not require this inequitable result. As explained in the Petition (at Part. II), Section 262 is *silent* as to this factual scenario: It speaks only to situations where co-owners decide to "make, use, offer to sell, or sell the patented invention ... or import the patented invention." 35 U.S.C. § 262. Absent from this statutory text is any discussion of what a co-owner's duties are in the case

of enforcement. For a century that gap has been filled with the requirement of joinder of all owners to an infringement action. It is only logical that the failure to join a co-inventor in such litigation by omitting such inventor from the patent is an unjust enrichment to a patent owner prevailing in such litigation. Given the incentive that inventors have to omit co-inventors from the patent, an equitable remedy is even more critical.

NTP relies strongly on its assertion that the legislative history -- and in particular, a proposed version of Section 262 that was not enacted and a committee report explaining it -- shows that Congress rejected the notion of a co-owner being unjustly enriched by enacting Section 262. However, "failed legislative proposals are a particularly dangerous ground on which to rest an interpretation" of a statute. *Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 187 (1994) (internal citations omitted). Given this Court's definitive statement that non-enacted bills "deserve little weight in the interpretive process," *id.* at 165, the Court should give no weight to NTP's arguments based upon that purported history.

This Court should clarify that Section 262 does not preempt common law unjust enrichment. Equity should allow omitted co-inventors to recover their fair share from those who chose to omit them. The

Federal courts have the power to act as courts of equity whenever such a remedy was historically available from a court of equity. *Grupo Mexicano de Desarrollo S.A. v. Alliance Bond Fund, Inc.*, 527 U.S. 308, 333 (1999). There is no question that both federal and state courts routinely apply equity to correct situations where a party has been unjustly enriched by its behavior. This Court must make clear that Section 262 will not protect a co-owner from the consequences of litigating without a joint owner.

IV. This Court Should Reject NTP's Attempt To Avoid the Legal Issues Presented in Tavory's Petition Through its Misleading Statement of the Facts.

NTP, unable to defend the erroneous legal standards applied in this case, argues instead that the *facts* do not warrant review. However, the "facts" as presented in NTP's opposition brief are primarily extra record argument (See Brief in Opposition at 6-9) that the Federal Circuit expressly struck from the briefing below.⁷ Reply App. 1-3. NTP's continued focus upon matters outside the record to attack the

⁷ Even if NTP's version of the facts was accurate, the impossible standards created by the Federal Circuit would still warrant review by this Court. As this Court recognizes, its job is to ensure that the facts, whatever they are, are applied to the correct legal standards. See, e.g., *Ernst & Ernst v. Hochfelder*, 425 U.S. 185 (1976)(determining legal standard for liability under securities laws).

credibility of Tavory's record evidence strongly suggests that NTP realizes its summary judgment cannot be defended on this record.

NTP also grossly misrepresented the content of record evidence. The unsubstantiated statement on page 5 of the Brief in Opposition that Tavory "emphatically disavowed (over 100 times) knowledge concerning the conception and reduction to practice of the inventions," is false. No one asked Tavory during his 2002 deposition who invented the Push technology. Instead, Tavory was shown code (the Push software attached to the patents-at-issue) which he wrote twelve years earlier and asked repeatedly whether he wrote it. Reply App. 6-7. Tavory testified at least seven times that he wrote that code. Reply App. 6-7; 13; 19; 20; 27; 28; 29; 34; 36. Tavory also testified that he was one of the persons who "figured out basically how to take the e-mails and send them from the email system to the pager." *Id.* at 28.

NTP's attack on Tavory's three hour deposition in 2002 (his only participation in the RIM litigation) is misleading. Tavory sat for deposition without having seen or discussed the Push software or any related documents for more than a decade. Reply App. 11-12, 20. Tavory, who did not have a lawyer, had never attended a deposition and knew nothing about patents, did nothing to prepare for his 2002

deposition. *Id.* at 17, 23. Even though no one explained to Tavory before or during his deposition why he was there or what the suit was about, NTP now argues that Tavory should have deduced that it was a suit over the validity of patents built upon technology he helped to invent. That argument is misplaced on a motion for summary judgment in which inferences must be drawn against the moving party.

NTP's attempt to characterize Tavory as an opportunist who recently fabricated his co-inventor claim because he did not assert it until after NTP obtained a substantial settlement from RIM and after Tom Campana died is completely undermined by the record evidence that *in 1990* Tavory claimed to have invented the technology that pushes emails to the Telefind paging network and that *in 1990* he was widely recognized at Telefind as the inventor of that technology. See Petition at p. 6-9. This was long before the Push technology enjoyed any commercial success and 14 years before Campana died.

V. The Equitable Defenses of Laches and Estoppel, Raised by NTP for the First Time in Response to the Petition, Do Not Require Denial of this Meritorious Petition.

NTP never moved for summary judgment on laches and estoppel as to the patent inventorship claims, and the District Court made no findings on

that issue. Pet. App. 25-44. Judge Newman relied on findings of fact regarding copyright ownership, not patent, in arguing that there was an alternative basis for upholding a summary judgment opinion that she clearly felt was not legally correct. (Pet. App. 36-37; 22-24).

Conclusion

This Court should grant the Petition to create a clear, consistent standard for determining joint inventorship that complies with the provisions and intent of the Patent Act, the Constitution and this Court's precedent. Granting the writ would also provide a remedy to an omitted co-inventor who has been denied the right to participate in the infringement litigation by which the named inventors profited.

Respectfully Submitted,

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** Counsel of Record*

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NOTE: This order is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

2007-1527

OREN TAVORY,

Plaintiff-Appellant,

v.

NTP, INC.,

Defendant-Appellee.

Appeal from the United States District Court
for the Eastern District of Virginia in
case no. 3:06-CV-628, Judge James R. Spencer.

ON MOTION

Before DYK, *Circuit Judge*.

ORDER

(Filed Mar. 19, 2008)

Oren Tavory moves for clarification concerning the contents of the appendix. NTP, Inc. responds. Tavory replies.

Tavory requests clarification whether certain attorney notes cited by NTP as A2033-34 are part of the record. Tavory states that the attorney notes were the subject of a discovery dispute before the district court but were never filed with the court. NTP responds that the notes were submitted to the district court for

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in camera review in connection with a motion to compel, and that the district court ordered production. Thus, NTP asserts, "there is no dispute that Judge Spencer reviewed these documents and that they formed part of the body of knowledge for his various decisions at issue."

Pursuant to Fed. R. App. 10, the record on appeal is confined to, inter alia, papers and exhibits filed in trial court. Because NTP argues only that the notes were reviewed to determine whether they were subject to a discovery request and not filed with the district court, the notes are not part of the record on appeal. Thus, they were properly excluded from the joint appendix and should not have been cited by NTP in its brief.

Tavory further states that the items designated by NTP as A2035-96 were not filed in the district court. In its response, NTP states that it believes these pages should have been included in the joint appendix and indicates that it will be submitting a motion to supplement the joint appendix with respect to these pages.

The court determines that NTP has not shown that A2035-96 are part of the record on appeal. Thus, they were properly excluded from the joint appendix and should not have been cited in NTP's brief.

Because NTP's brief includes citations to items that are not part of the record on appeal, NTP is directed to file a replacement brief omitting citations to A2033-96. Furthermore, because Tavory's reply

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brief sought to strike references to these pages and NTP's replacement brief will omit the citations, Tavory is directed to file a replacement reply brief omitting arguments seeking to strike these citations.

Accordingly,

IT IS ORDERED THAT:

(1) The motion for clarification is granted to the extent that the court clarifies that A2033-96 are not part of the record on appeal.

(2) NTP is directed to file a replacement brief omitting references to A2033-96 within seven calendar days of the date of filing of this order.

(3) Tavory is directed to file a replacement reply brief omitting arguments seeking to strike NTP's references to A2033-96 within seven calendar days of the date of filing of this order.

Mar. 19, 2008

Date

/s/ Timothy B. Dyk

Timothy B. Dyk
Circuit Judge

cc: G. Donovan Conwell, Jr., Esq.
James H. Wallace, Jr., Esq.

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

Case No. 3:01 CV 767

NTP, INC.,

Plaintiff,

vs.

RESEARCH IN MOTION, LTD.,

Defendant.

VIDEO DEPOSITION OF OREN TAVORY

Taken before Arthur Blaustein, Notary Public in
and for the State of Florida at Large, pursuant to
notice of taking deposition filed by the Defendant in
the above cause.

Monday, September 23, 2002
100 South Ocean Boulevard
Manalapan, Florida
5:41-9:30 p.m.

* * *

[22] A. No.

Q. Did you go to any additional schooling after
the University of Miami?

A. No. I mean I have taken, I think, computer
courses from like different manufacturers, you know,
how to have classes and stuff like that, but not any

App. 5

formal kind of thing, if you are looking for a degree, no.

Q. Like a Microsoft?

A. Yes, things of that nature.

Q. Have you ever heard of a company called ESA?

A. I think that is where Tom Campana, I think, had worked or originally owned. I'm not sure but I think that was the other company.

Q. Have you ever met Tom Campana?

A. Yes, I have met him, I think, like three or four times. I think when he was down at the office a couple of times.

Q. Have you ever met him up in -- ESA was located in Chicago, if I'm correct.

A. I think that I had a trip up there once. I think.

Q. Did you ever meet Gary Thelen?

A. I met somebody, I think, when I was up there. I don't remember his name. A gentleman had, I [23] think, black or brown hair and a moustache.

Q. How about Michael Ponschke?

A. That name sounds familiar. I think I have met him but I can't say for sure.

App. 6

Q. Okay. We will get to some documents here in a little while that will help.

How about have you ever met anybody from the AT&T Safari computer?

A. I think I met one gentleman there, an Indian gentleman, I think one time. That is the only one – again, I think we did a trip one time there and I think that's when I went up to Chicago or wherever it was.

Q. Okay. We'll take you back a few years.

A. No problem.

MR. NELSON: Let's have this marked as Exhibit – actually, I'll just hand it to you.

I'm handing the witness what's marked as Ponschke Exhibit 6.

BY MR. NELSON:

Q. And Mr. Tavory, if you would take a look at that and take a few minutes to thumb through it.

The first part is very difficult to read. The part I'm more interested in is easier to read later on, so.

[24] A. All right.

Q. I'm going to ask you, first of all, to turn to page ten of Exhibit 6, and ask you to look at what begins on page 10 and goes to Page 14, and once you have looked at that, my question is if that's the computer code that you wrote.

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I will point you to page 13 where it says: Author: Oren Tavory in the box.

A. It looks like it. I can't tell you for sure but it looks like it.

Seems to have certain style to it, so I will probably say yes. To the best of my recollection, yes.

Q. Just looking at this style, is it the style of code writing that you tended to use?

A. Yeah, looks like it. I mean the way I look at it is, for example, my comments, I usually say "Mod" and so on. That seems to be. I can't tell you for the rest, line by line, no offense. I have to look at it but it seems to be.

Q. Looking at page – the author, it says Oren Tavory. There is no reason you believe that is not you.

A. You got it.

MR. LYONS: You are referring to page 13.

[25] THE WITNESS: I'm referring to page – specifically, he said started at 10 through 13. On page 13, it looks like on page 13 it has the title up there that seems to, modification by Oren, the description, the author, the date, modification history. I usually try to keep those kind of things in there. That seems to be.

BY MR. NELSON:

Q. Looking at the whole group of code from 10 to 13, I'll focus you on page 10, about three quarters of the way down the bottom it says "MOD BY OT 11/29/90."

A. That seems to be, again, when I make modifications, I try to report it and things like that so it seems that that is something that I have done.

Q. So the record is clear, Ponschke Exhibit 6 page 10 through 14, you have no reason to believe that you did not author that code.

MR. LYONS: Objection to form.

THE WITNESS: I have no reason to believe that this is not the code that I wrote or authored or whatever.

You guys want to go ahead and argue about it.

[26] BY MR. NELSON:

Q. Okay. To deal with counsel's objection, do you believe you wrote the code on pages 10 to 14?

A. I do believe so.

Q. Looking at the top of page 10, it says "Copyright Telefind Corporation 1990."

Do you see that?

A. Yep.

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Q. Did you do this work for Telefind Corporation?

A. I was hired by them at that time, yes.

Q. Did you have an employment agreement with Telefind Corporation?

A. I can't tell you. It's been so long. No offense. I didn't keep any pieces of paper or anything like that so I can't tell you.

You might want to look at their personnel record. Maybe they have something.

Q. If you could look at just the first box that's between "Copyright Telefind Corporation" and the first sort of starred box in the middle of the page.

A. Uh-huh.

Q. Look at that code and can you tell me what that block of code does, what function it performs?

A. Starting with Mark end of the command line?

Q. Yes.

A. Seems to - hold on. Seems to execute a Unix command that's got something loaded inside it. Probably some kind of shell script or something of that nature.

Q. Looking down now at this box in the middle of the page that says functions, arguments, descriptions

App. 10

and returns, what do you mean by, where you say function there?

A. A function usually in a program is a certain subroutine that gets executed so you would, for example, inside your code, think about it being sequential, and it would say, Go ahead and do this routine, execute that, and then come back here.

Q. So the code would say go do "X."

A. And when you're done with "X," come back and "X" does this particular –

Q. "X" would be a function. Okay.

A. Correct.

Q. What about arguments?

A. Arguments are variables you pass to a function and this basically allows you, so you don't have to hard-code the function, you can go ahead and pass certain information to the function so it will [28] act differently depending on what you're passing to it.

Q. What about the description portion of that box that says description?

A. Sounds like it's reading in some information and putting it into a ray or buffer or something of that nature.

Q. And what about returns?

A. Returns is when a function finishes, it usually will tell the other parts of the program whether

App. 11

it was successful or not, and usually returning a value depending on that is what determines that.

Q. This box we have just been talking about in the middle of page 10, does that relate to the code that is written above it or the code that is written below it?

A. It looks like it seems to be toward the part below it because it says function: Getline, and then below it is the getline function.

Q. Okay.

Looking at the next group here, the next group of code on page 10 to the box starting on page 11, could you tell me what that portion of code does?

A. From 10 to the beginning of page 11.

[29] Q. Yes. Basically the bottom portion of page 10.

A. It seems to get a character from a file until there's the end of file and loaded into a character pointer or a character ray, from what I can see just initially.

MR. LYONS: Could I have the answer back, please?

(Answer read.)

THE WITNESS: Again, I haven't had time to sit here and ponder all the code here and so on but from what I can see in the first minute or two, you

are asking me, this is what I can tell you that it seems to do.

BY MR. NELSON:

Q Okay. That's all right. We can take more time to ponder it later as well.

MR. LYONS: I will object to the whole line in terms of speculation.

BY MR. NELSON:

Q Looking at the sort of the bottom portion of page 10, it says backslash star MOD by OT 11/29/90. Do you see that?

A Uh-huh.

Q What does that modification relate to?

* * *

[34] mail user would have to have his name registered and then converted to the appropriate ID. If his name is not registered with Telefind, you must send your message back to the sender indicating a nondeliverable message."

Do you recall programming the 3B2 computer at Telefind in any way relating to this sort of a function?

MR. LYONS: Objection to form.

THE WITNESS: I think the 3B2, from what you are telling me, seems to be the main frame, and I was programming. I can't tell you whether I have done these or not.

Again, I cannot remember any of these items.

BY MR. NELSON:

Q. Did you ever do any programming to take an e-mail from an AT&T mail system and convert it in such a way that it could be sent to the Telefind paging network?

A. I think that's what it did. I think the e-mails would come in and they would get essentially turned into pages.

Q. Did you write software code to help that process happen?

A. Yep, I do believe so.

[35] Q. Looking back at Ponschke Exhibit 6, pages 10 through 14, does that code relate to that project?

MR. LYONS: Objection to form.

THE WITNESS: I can't remember but it looks like it does.

BY MR. NELSON:

Q. Do you have any reason to believe that it does not?

A. No.

Q. When you were writing the code to convert the AT&T mails into - well, strike that for a minute.

Where did you get the messages – where did the AT&T messages arrive at?

MR. LYONS: Objection to form.

THE WITNESS: I think on the main machine.

BY MR. NELSON:

Q. And when you say main machine, what was the main machine?

A. Again, I cannot tell you specifically whether –it sounds like it's this AT&T or three or whatever it is that you're mentioning now.

Q. When you say main machine, you mean computer.

A. The quote/unquote main computer, the Unix system, whatever that happens to be.

[36] If you are telling me that it's an AT&T three, whatever, then I don't know. That's the best I can tell you.

Q. Looking again at the Ponschke Exhibit 13, where it says, So, in Telefind's 3B2," is that an acronym? Could that be the main machine?

MR. LYONS: Objection to form.

THE WITNESS: Could be.

MR. NELSON: Strike that one. I'll ask a different question.

BY MR. NELSON:

Q. Did Telefind have other main computers or just one?

MR. LYONS: Objection to form.

THE WITNESS: That, I can't remember, whether it was one or many.

BY MR. NELSON:

Q. I'll hand you what's been marked as Ponschke Exhibit 8 and I'll ask you to look through that document.

Take your time and look through it.

A. Okay. What's the question?

Q. Okay. The first question is, who was Robin Roberts?

A. That, I don't remember.

[37] Q. Do you know if he was a Telefind employee?

A. I have no recollection on that one. Seems to be, from where it says in the heading but that name just doesn't even conjure up anything.

Q. Looking at the third page of the document, it's NTP0007973, the little numbers in the lower right, and about halfway down that page, a little bit more, there's a thing in bold and it says issues and then there's a number one.

And it says, When will the encoding of the header be available?

And it says in bold 4/12/91 and in parentheses, Oren, afterwards.

Are you the Oren that's referred to there?

MR. LYONS: Objection to form.

THE WITNESS: Probably.

BY MR. NELSON:

Q. Do you know if Telefind had any other employees named Oren?

A. No, I don't think they had any other employees there named Oren.

Q. Did you do any programming relating to modifying the header information on an AT&T e-mail that was coming into the Telefind system?

MR. LYONS: Objection to form.

* * *

[54] BY MR. NELSON:

Q. Take some time and look through it.

A. I can't remember that far back so it's not going to - looking at it is not going to change the picture as far as that goes.

Looks like it's meant to go do something of that nature. I can't tell you for sure that is it or the exact specific things.

If you want me to sit here and look at it, it's your time.

Q. Let me hand you something else to see if that will help at all.

A. Okay.

Q. I'll hand you what's been marked as Ponschke Exhibit 1.

MR. NELSON: Do you want a copy of this or no?

BY MR. NELSON:

Q. The first thing I'm going to ask you, Ponschke Exhibit 1 is titled "United States Patent 5436930.

Have you ever seen that document before?

A. No.

Q. If you will look at the top there is column numbers after the drawings.

[55] A. Okay.

Q. Look at column 43 and 44, if you would.

A. Okay.

Q. And I want you to compare what starts about two-thirds of the way down column 43 and 44, where it says backslash star mark the end of command line you built so that you can add any

App. 18

delimiters star backslash, about two-thirds of the way down?

A. Okay. You want me to compare that to.

Q. I want you took compare that to what starts on page 10 of Exhibit 6.

A. What page?

Q. Starting on page 10.

My question is, is it the same code?

A. There's a couple of functions there but am I missing something? I don't know if I am looking at the right place or not.

Here is the getline from this function here and that's on this page here.

There's a function that you are looking at here that says ticks.

Q. You are looking up a little too high.

If you will look at the patent starting right here, backslash, with your code starting up here on page 10, backslash star mark.

[56] A. Seems to be identical.

Q. Look over at the next page here of – it would be columns 45 and 46 and do the same comparison to the next page. It would be sort of the middle of page 10 of Exhibit – of Ponschke Exhibit 6, and then going on to page 11.

App. 19

A. Seems to be the same.

Q. Do the same thing for going over into columns 47 and 48 and continuing on upon Exhibit 6, pages 11 and 12.

A. Seems to be.

Q. So based on your comparison, you conclude that you wrote the code that appears in Ponschke Exhibit 1 from beginning on column 43 and 44 and concluding at column 47, 48?

MR. LYONS: Objection to form.

THE WITNESS: Seems that my name that says modification by OT over here so the answer is yes.

BY MR. NELSON:

Q. Would you draw a line across Exhibit 1 to delineate the portion of the code that you wrote from the portion of the code above that?

A. One more time the question. I'm sorry.

Q. Ponschke's Exhibit 1, column 43 and 44, [57] contains a page of computer code and based on -

A. Hold on one second. Let me start over here so I can understand what you are saying.

Okay. Column 43 and 44.

Q. Contains the full page of computer code.

A. Uh-huh.

Q. Based on your comparison, you indicated that you wrote a portion of that code.

A. Uh-huh.

Q. Can you draw a line delineating the portion that you wrote from that which you did not write?

A. I don't remember which part I wrote and which ones I didn't.

Q. Look again at Exhibit 6 where you did write, starting at page 19.

A. I will give it my best guesstimate here.

Q. Okay.

A. The best that I can guess.

Do you want this?

Q. Okay. I guess - let me ask you, the portion that you marked that is below return paren out dot, X dot, DX, close paren, semiconductor, is that the portion below that that you believe you wrote?

A. Yes.

Q. Okay.

* * *

[66] Q. More than 50 percent?

A. I can't even remember back again what transpired day-by-day ten years ago.

Q. So your testimony under oath is that you basically did two things while you were at Telefind but you don't have any idea how much time you spent doing either one.

A. Absolutely. I can't remember. If you can tell me how much time you spent on this and this case from ten years ago, you have my congratulations. I can't. Nothing personal towards you but that's the answer.

Q. Okay.

A. I'm sorry. I'm not trying to be a wiseass or anything like that. I don't want to -

Q. How long have you known Tom Campana?

A. I don't know him very well. I've met him three, four times.

That's about my extent of interaction with Tom Campana.

Q. When was the first time you met him?

A. I can't tell you specifically but I met him while I was employed over there.

Q. Was the first time you met him in connection with this work between AT&T and Telefind?

[67] A. I can't remember that. I don't remember the first time I even met him so I can't tell you.

Q. You don't know one way or the other?

A. One way or the other I can't tell you. I think we met three, four times, and I think one time in Chicago and I think when we went up for this thing, and the other thing, I met him a couple of other times down in Telefind when he came down.

Q. When is the last time you recall speaking to him?

A. I can't remember that. I know I didn't speak with him after I left.

Q. After you left Telefind?

A. Did not speak with him afterwards.

Q. Have you ever spoken with Gary Thelen, to your knowledge?

A. I don't remember that name.

Q. How about Michael Ponschke?

A. Again, I think that's when I was up there in Chicago, I think I met Michael Ponschke there but that's about my extent of remembering interaction with him.

Q. When you did the programming that's in Exhibit 6, did you work from scratch or did you work from materials that you got from somebody else?

[68] MR. LYONS: Objection to form.

THE WITNESS: I worked from scratch, if I can remember right.

I don't think there was anything at that time that did this.

BY MR. NELSON:

Q. Do you know Don Stout?

A. No. The only other name I could remember, I think, was the owner named Andy something.

Q. Andros?

A. Could be. I think he was a Greek gentleman.

Q. Are you represented by counsel in this case?

A. No, I'm not.

Q. Have you talked to lawyers for Mr. Campana?

A. I do believe that they have called me and just like you have called me and I have told both sides that, no offense, I don't want to be on anybody's side. I am here to tell pretty much what I can remember and I didn't want to take, no offense, assistance from your or from the other side, either one.

Q. Who did you talk to at – what were the lawyers' names you spoke with?

A. That, I don't remember. I got a phone call one night and that was the first time I heard it.

[69] And I do believe I spoke recently with a gentleman, I don't know if it was you or somebody over there from your firm.

App. 24

I think I also spoke with you. You had a gentleman, a private detective or somebody, who did something and I basically told both sides, I have to be honest, guys, ten years ago, I don't remember what transpired.

That's what I have said to both parties. Whether it's good or bad to either one, I can't tell you. Don't get me wrong. That's between you guys and the judge to find out.

All I can tell you is what, the best to my recollection, which is not much.

Q. Turn to Ponschke Exhibit 1. That's the patent again. And look at column 29, the top of it.

A. Okay.

Q. Just read it to yourself, first.

A. Okay.

Q. Let me know when you're done.

A. You don't want me to read the code.

Q. No, just the test.

Starting at the column 29, the text reads:

The program on pages 10 through 12 of the appendix implements the function of the interface

* * *

[102] marked as Ponschke Exhibit 17.

Take a look through that document and my question is have you ever seen it before?

A. Not that I can remember.

Q. Have you seen documents similar to it in the context of your programming experience at Telefind?

MR. LYONS: Objection to form.

THE WITNESS: No. It looks more hardware than software.

MR. NELSON: Okay.

BY MR. NELSON:

Q. I'm handing you what's been marked as Ponschke's Exhibit number 18 and take a look through that and my question is have you seen that document before?

A. Not that I could remember.

Q. How about the code that begins on Page 11731?

A. No.

Q. No, you don't remember?

A. Doesn't look like mine and, no, I don't remember it.

Q. Okay.

Let me show you what's been marked as Ponschke's Exhibit 19, and ask you if you have seen [103] that document before.

A. No.

Q. No, you haven't seen it or no, you don't remember if you have seen it or not?

A. I don't remember whether I've seen any of these documents and it doesn't seem like something that I would have seen.

Q. Okay. But you don't know one way or the other?

A. Don't know one way or the other.

Q. You have not been retained by NTP as a consultant in this case in any way?

A. No, I have not.

Q. Or by their law firm?

A. Or by their law firm or by you.

Q. Do you know who Mike Pryslak was?

A. No.

Q. No about Glen Twigs. I may have asked you about him already.

A. No.

Q. When you were working on the software that you developed and you worked on that ultimately -- strike that.

Let me start this a different way.

I believe that you testified that at some [104] point the Telefind AT&T project was able to send e-mails from a computer e-mail system to the Telefind pagers.

A. Uh-huh.

Q. Were you responsible for writing the code that allowed a portion of that to happen?

MR. LYONS: Objection to form.

THE WITNESS: Yes, I think so.

BY MR. NELSON:

Q. Which portion of that code at a high level speed, in a high level description were you responsible for?

MR. LYONS: Objection to form.

THE WITNESS: I think it was pretty much taking the message when it came in and then sending it out to the network for the pager to pick up.

BY MR. NELSON:

Q. Where was Telefind located geographically?

A. Down in Miami, in Coral Gables.

Q. Was that where the computers were located as well?

MR. LYONS: Objection to form.

THE WITNESS: I think the main frame was down there.

[105] I can't tell you for all of them.

BY MR. NELSON:

Q. Is that where the main frame computer was located?

A. Yes.

Q. The main frame was a Unix?

A. I think so, yes.

Q. So you were the person that figured out basically how to take the e-mails and send them from the e-mail system to the pager?

MR. LYONS: Objection to form.

THE WITNESS: I was one of those that - there were several parts there but one of them, yes.

BY MR. NELSON:

Q. Who else did you remember was involved in that?

MR. LYONS: Objection to form.

THE WITNESS: I think somebody from Tom Campana's side I think did some of the

programming to actually get e-mail pagers to the pager and stuff like that.

BY MR. NELSON:

Q. Uh-huh.

A. I'm trying to think. There used to be an [106] operations side and stuff like that, and I guess they would manage, I think, some of the stuff out there but I can't really remember all the details, but that one part I think was basically taking the messages to the pager. I did. The other parts I think Tom Campana or somebody up there did the part; for example, once you send a message on to the network and it actually gets to the pager itself, and so on, they would know more than I would about that.

Q. Once the message actually goes out to the paging terminal?

A. Networks, and goes to the network and how it actually goes between.

Q. Hobs and ladders?

A. Whatever it was.

Q. The part you knew about and worked on was what happened when the e-mail came into the system and got converted into whatever it had to be converted to be sent to the paging company.

MR. LYONS: Objection to form.

THE WITNESS: I think generally yes.

BY MR. NELSON:

Q. Can you describe generally what kind of - strike that.

Can you describe generally what kind of [107] transformations the e-mail had to go to from the time it came into the computer at Telefind to make it ready to send it to the pager?

MR. LYONS: Objection to form.

THE WITNESS: I don't remember that.

MR. NELSON: I don't have anymore questions at this time.

MR. LYONS: Okay.

CROSS-EXAMINATION

BY MR. LYONS:

Q. I just have a couple.

A. Okay.

Q. You were shown a number of exhibits today and just answered a couple of questions, but I will go back to Ponschke's Exhibit 1 that you have in front of you. It's the patent.

A. Okay.

Q. You don't recall seeing this document prior to today. Is that correct?

A. I don't think I have ever seen this document prior to today.

Q. And Ponschke's Exhibit 6.

A. Uh-huh.

Q. Exhibit 6.

A. Okay. This one?

[108] Q. No. It's the next one.

A. Here we go.

Q. Prior to today do you recall seeing this document?

A. I want to make sure. No.

Q. And Ponschke's Exhibit 8. The next one, Ponschke's 8?

A. Eight.

Q. Prior to today do you recall seeing this document?

A. No.

Q. I ask you to go to Ponschke's Exhibit 13.

A. Here we go.

Q. Do you recall seeing this document prior to today?

A. No, I don't remember from ten years ago.

Q. I'll ask you the same questions with respect to Ponschke's Exhibit 14.

Prior to today do you recall seeing this document?

A. No.

Q. And with respect to Ponschke's Exhibit 15, prior to today do you recall seeing this document?

A. No.

Q. Mr. Tavory, you were asked a number of [109] questions about your work when you were at Telefind and you are familiar with Tom Campana, correct?

A. Uh-huh.

Q. And his group in Chicago. Is that correct?

A. I don't remember him. I don't remember as much about his group but I remember the name.

Q. You understood they were engineers in Chicago working for Telefind?

MR. NELSON: Objection to form.

MR. LYONS: Let me rephrase.

THE WITNESS: Okay.

BY MR. LYONS:

Q. You were familiar with people in Chicago besides Tom?

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A. I remember one, Mike Ponschke. The rest I don't remember.

Q. Did you work on assignments from time to time with those people?

A. Yes. There would be assignments and basically the entire company would work so Telefind worked as an entire company and then we would have certain assignments and occasionally I would contact them and they would contact me.

Q. Right. And those were primarily the – you were more the IT department, as you described it, I [110] guess, and they were more the engineering group?

A. They did most of the hardware, I do believe. There may have been some other people who did hardware from Telefind but as I understood in general, yes, they did most of the hardware and I think the software was handled at the Telefind part.

Q. When you worked with them in general, before you would do any of the software code, would you make sure to consult with them to make sure you understood the objective before writing any code?

MR. NELSON: Object to form.

THE WITNESS: That, I can't remember.

BY MR. LYONS:

Q. You don't recall one way or the other.

A. One way or the other, I don't remember.

Q. When you worked with the engineering group was there a give and take going on throughout the process?

MR. NELSON: Objection to form.

THE WITNESS: I can't answer that because I don't remember.

I don't recall the specific meetings and what transpired and the whole environment, quote/unquote, of how things worked. I don't remember that.

[111] BY MR. LYONS:

Q. You don't recall any specific assignments that you undertook on behalf of the engineering group?

A. Specific assignments, no.

Q. Do you have any specific recollection on your role on this Safari project?

A. Basically, I remember that I wrote some program that would help them interface the e-mail system with the paging. That part I remember. And about the details of the laptop or whatever that was spoken about here, I do not remember the specifics.

Q. And you don't recall your interaction with the engineering group in connection with that work.

MR. NELSON: Objection to form.

THE WITNESS: No, I do not remember my interaction specifically about specific things.

MR. LYONS: Let me consult with my people for a moment.

(Discussion held off the record.)

MR. LYONS: Okay. I don't have any other questions.

MR. NELSON: I have a couple of follow-ups just real quick.

[112] REDIRECT EXAMINATION

BY MR. NELSON:

Q. I believe counsel showed you a bunch of exhibits and asked you if you had seen them before today.

A. Yes.

Q. The first one, I think, was Exhibit 6.

MR. LYONS: It was actually 1.

BY MR. NELSON:

Q. Looking back at pages 10 to 14, the code you wrote, you believe at some point you saw that code before today.

A. Yes, but I cannot remember any of this.

The question was - I want to make sure I'm answering the question correctly.

Do I remember before I walked into this room this code? The answer is no.

Looking at it, it makes me believe that that code, that part that we were talking about from 10 to 13 due to the comments, same modification by Oren Tavory, leads me to believe that that was what I wrote over there. Is that clear?

Q. Looking at Exhibit 8, Ponschke's Exhibit 8, I'm sorry.

(Discussion held off the record.)

[113] THE WITNESS: Your question was?

BY MR. NELSON:

Q. My question was do you have any reason to believe that you did not see this document before today?

A. No, I do not [sic] any reason. I cannot remember but I do not have any reason to believe that I did not see it.

MR. LYONS: Can I have that question and answer back again?

THE WITNESS: I do not remember seeing this document and then the second point was do I believe that I would have gotten documents like this

if they were addressed to me. The answer is there is no reason that I know of that I would not have gotten these documents if they were addressed to me.

MR. LYONS: But 8 isn't addressed to you.

THE WITNESS: I don't know. As far as that goes, I can't tell you one way or the other. The answer is I don't remember.

BY MR. NELSON:

Q. Let me follow-up. If you remember from what Mr. Ponschke said, at least with respect to the entry on 7973, where it has: When will the encoding of the
